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# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

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## Japan

### Bank To Adopt U.S. Advance Rate Setting System

*OW1102084795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Feb 95 Morning Edition p 7*

[FBIS Translated Text] Dai-Ichi Kangyo Bank has decided to apply the U.S. International Revenue Service's [IRS] advance agreement system to its foreign exchange transactions between the head office in Tokyo and its U.S. branches, including the New York branch. The bank has started negotiating with the IRS. The decision was made to avoid such troubles as taxation methods by agreeing in advance with the IRS on how to set rates of currency exchange transacted between the Tokyo head office and its branches in the United States. There is a precedent case of a Japanese manufacturing company adopting the system of the advance agreement for a method of setting export and import prices. However, Dai-Ichi Bank is the first Japanese bank to apply for the system, and other Japanese banks are considering applying for the same system.

Since the 1980's, the IRS has strengthened the taxation system applied to foreign firms. As for foreign banks, when a head office of a foreign bank transacts foreign exchange with its customers in the United States via its U.S. branches, it often faces trouble with the IRS on how to distribute exchange profits to the head office and its U.S. branches.

To avoid such problems, since 1993, the association of foreign banks in the United States has called on the IRS to take measures. In response, the IRS has advised the foreign banks to adopt the advance agreement system.

If the system is applied, an advance agreement will be reached between a multinational corporation and tax authorities on how to distribute profits gained from international dealings so that the corporation can be protected from being recognized as a company that evaded taxation by manipulating transfer prices. Among Japanese industries, Matsushita Electric Industrial Co. agreed with the IRS in 1992 on the application of the system.

Usually, it takes about six months to one year to conclude negotiations with the IRS. Therefore, an approval for the application of the system is expected to be given officially to Dai-Ichi Bank late this year or after.

Among Japanese-affiliated banks in the United States, the Sumitomo Bank Capital Markets (SBCM), which is Sumitomo Bank's affiliate in the United States, has been using the advance agreement system since 1990. However, if the system is applied to Dai-Ichi Kangyo Bank, it will be the first time a Japanese bank adopts the system. In the case of the SBCM, the IRS also has an agreement with the tax authorities in the UK and Hong Kong. Thanks to the agreement, the SBCM does not need to worry about how to share profits among the affiliated banks in New York, London and Hong Kong.

### Ministry To Ease Auto Inspection Regulations

*OW1302130795 Tokyo KYODO in English 1233 GMT 13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—The Transport Ministry said Monday [13 February] it will change a ministerial ordinance later this month to ease regulations on automobile inspections.

With the revised ordinance to take effect in July, auto service facilities currently authorized to inspect and replace parts on cars with 2000 cc and smaller engine displacements will be allowed to handle cars with bigger displacements.

The ministry said the change will increase by some 12,000 the number of facilities allowed to handle cars with engine displacements bigger than 2000 cc.

The United States has called on Japan to lift the requirement on the grounds it is hindering sales of U.S.-made auto parts in Japan.

### U.S., Japanese Business Leaders Meeting in Tokyo

*OW1302025595 Tokyo KYODO in English 0208 GMT 13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—Business leaders from Japan and the United States opened a meeting in Tokyo on Monday [13 February] to discuss bilateral economic issues including Japan's deregulation, organizers said.

The main topics of the joint executive committee meeting of the Japan-U.S. Business Council will be Japan's deregulation plans and access by U.S. companies to the Japanese market, they said.

Yotaro Kobayashi, chairman of Fuji Xerox Co., Donald Fites, chairman of Caterpillar Inc. of the United States and some 40 other participants will also discuss promoting regional economic cooperation under the Asia-Pacific Economic Cooperation (APEC) forum.

In the keynote speech, Frank Cahouet, chairman of Mellon Bank, said the trade imbalance between Japan and the U.S. should be addressed from both political and economic viewpoints.

Cahouet also said the U.S. trade deficit will not shrink significantly in 1995 because of Japan's closed markets.

In response, Kosaku Inaba, head of the Japan Chamber of Commerce and Industry, said, "The bilateral trade imbalance is on its way to being corrected. But the yen's recent appreciation has hit Japanese industries."

The two-day session will prepare for the 32nd meeting of the Japan-U.S. Business Conference to be held in Tucson, Arizona, in July.

The conference is held once a year where senior executives from business and industrial sectors gather to



exchange ideas regarding various issues facing the two countries. The meeting alternates between the U.S. and Japan.

### Outlook for Deregulation, Obstacles Discussed

952A0224A Tokyo CHUO KORON in Japanese Dec 94 pp 110-119

[Article by Keio University Professor Atsushi Kusano]

[FBIS Translated Text] *The cabinet, the mass media, and the people in Kasumigaseki all support deregulation in general terms. But, how far will the current cabinet be able to carry it out? What are the obstacles against it? How can they be overcome?*

### Will Deregulation Measures Be Put on Hold?

During his keynote address on 30 September, Prime Minister Murayama stressed the need for reform of administrative, financial, and economic systems and stated his strong desire to implement such reforms. Will the Murayama cabinet, a tripartite coalition of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger], be able to continue for sure the movement toward such reforms, which the former coalition government considered to be as important as political reform? In particular, to what extent will it be able to carry out the 279-point deregulation measures decided upon on 28 June by the Hata cabinet? Probably, I'm not the only one who has some doubt.

To be sure, being doubtful is not unreasonable, especially when you look back at the "actual performances" of both the LDP and SDPJ in this area. Even during the time of the [Toshio] Doko Ad Hoc Commission on Administrative Reform in the 1980's when Japan National Railways was split up and privatized, the LDP, except for a handful of politicians including Prime Minister Nakasone, can be hardly regarded as having actively pursued administrative reform or deregulation.

Needless to say about the SDPJ, its traditional stance on deregulation has been nothing but negative. The SDPJ used to say that deregulation would be a blow to the weak, such as small and mid-sized companies, and that if safety rules were to be deregulated one-sidedly according to the logic of big corporations, consumers themselves would suffer. This latter point has some persuasiveness, but still there are ways to reduce negative consequences.

At any rate, the SDPJ has never taken a leadership role in carrying out deregulation by recognizing its merits. Let me cite one example, which is about the SDPJ's policy on the Large-Scale Retail Store Law that has become a typical case surrounding the issue of deregulation.

The Large-Scale Retail Store Law is a law to regulate establishment of such large shops as supermarkets. The SDPJ has always opposed this law to protect small and

mid-sized retailers. (In fact, up until recently, a considerable number of LDP Dietmen also sided with small and mid-sized retailers.) Ever since the Murayama cabinet was inaugurated, the SDPJ has changed its traditional party platform in a top-down decisionmaking method on such issues as the existence of the Self-Defense Forces [SDF] and participation in PKO [peacekeeping operations]. In light of this change, the party may assume a more active stance on deregulation and administrative reform than before. But, considering the fact that one of the major support organizations for the SDPJ is the All Japan Prefectural and Municipal Workers' Union, whose members are mostly public servants, it is certainly imaginable that the cost of carrying out such reform is quite substantial for the party.

As if to give credence to this point, Sakigake, which within the coalition government had been enthusiastic about deregulation and had proposed a plan to integrate and rationalize special-purpose public corporations, had to tone itself down in the face of the cool postures of both the LDP and the SDPJ. The keynote address, therefore, did not touch on concrete details, but instead, merely stated, "We will review this issue before the end of this fiscal year."

A full consensus has not been reached among the three political parties even on a strong "third-party organization," which will be instrumental in promoting the aforementioned 279 deregulation measures. How enthusiastically will the prime minister himself tackle this issue? During his keynote address, he said, "We are no longer in the stage of debate, but of implementation." Are these words meant to be a mere gesture? Or, will the prime minister himself take a leadership role in implementing these reform measures? We must pay considerable attention to what will happen.

Of course, it is possible to point out the following: Even under the LDP-controlled government, deregulation—including liberalization of agricultural products and financial markets—has materialized, albeit gradually. Yet, although this argument may not be incorrect, it can be hardly right to say that such policy changes were brought about by the Japanese Government on its own. As is well known, these were the result of another kind of power politics, so-called external pressure.

To be sure, even if the Hata cabinet had continued to be in charge of government, it is not clear whether reform could have been carried out steadily. For the former coalition government as well, carrying out deregulation was a very difficult political agenda. This point can be understood from the fact that during the process of compiling the so-called "Hiraiwa report" by the Economic Reform Research Council, which was formed as a prime minister's private advisory organ by the Hosokawa cabinet, bureaucrats staged fierce arguments against reformist committee members by using those committee members who were former bureaucrats, and tried to maintain and expand the interests of their own ministries.



In the following, first I would like to explain why I support deregulation. Then, I will point out two obstacles for implementation of deregulation, and discuss what kinds of measures can be available to overcome these obstacles.

#### **Actual Cases of Increased Consumer Benefits**

The reason I support deregulation is simple and clear: benefits to consumers. This may not be universally recognized, but for those who shop at a supermarket on a daily basis, deregulation has certainly increased the number of choices available to consumers; it has diversified the consumer society.

As a political scientist, I cannot speak with confidence like those advocating deregulation who specialize in economics, saying that the advantages of deregulation are to "provide new business opportunities and to increase employment." Instead, I can well understand that those who have been protected by regulations may run into the risk of being unemployed. Yet, I still support deregulation, because I know from my own personal experience that deregulation brings enormous benefits to consumers.

Let me cite a few examples.

First is oranges, which have become a part of the Japanese diet. Import of oranges had long been placed under quantity restrictions, and its complete liberalization was carried out by the Japanese Government in 1988 under the Takeshita cabinet. As the import quota had been gradually expanded prior to liberalization, there was no substantial drop in price after the liberalization, but the following effects ensued. In preparation for the oncoming liberalization of orange imports, citrus growers aggressively improved plant species, introducing various new kinds of produce such as hassaku [a hybrid citrus fruit] to the market. It should be remembered also that as alternative produce, growers of mandarin oranges chose kiwi fruits, which became popular in a short time.

This increased variety of fruits enhanced consumer benefits by widening choices. (In this case, the interests and benefits of producers are not necessarily in conflict with those of consumers, because the producers are the consumers in nature as well.) This fact is clearly a result of deregulation. If the deregulation, starting with expansion of import quotas to complete liberalization, had not been carried out, efforts on the part of producers to improve their products would have been substantially less.

Like oranges, beef imports were also liberalized at about the same time. It is quite obvious by looking at the meat section of a supermarket, which is now well stocked with low-priced imported beef that is suitable to Japanese consumers' taste. Also, Japanese-grown beef has increased in variety, and its price has dropped in comparison to before the liberalization.

Second is the easing of the Large-Scale Retail Store Law, which became a focus of the Japan-U.S. framework talks. Here also, the easing has surely enhanced consumer benefits. To stress the need for easing the Large-Scale Retail Store Law, some economists have tried to prove that the opening of big stores would accelerate local competition and drive down prices of goods. But, even if this hypothesis is not proved, the easing of the Large-Scale Retail Store Law, provides merits to consumers.

In general, big stores carry more kinds of merchandise than small and mid-sized stores do; they provide more choices to consumers. Also, according to a case study on the opening of large stores ("The Large-Scale Retail Store Law: Merits and Demerits of Economic Regulation," published by the Nihon Keizai Shimbun Publishing Co. in 1993), opening of a large store vitalizes the locale. Of course, if a large store is built along a bypass far from the center of a town, local small and mid-sized retailers will have to expend considerable efforts to keep their customers. They need to come up with funds and such ideas as paving their shopping district with stones or bricks. However, the government has ready funds to develop and promote shopping districts, and as long as small and mid-sized retailers are willing, they should be able to take advantage of the opening of a big store in attracting customers to themselves. In short, the easing of the Large-Scale Retail Store Law has advantages because it promotes vitalization of the locale, although the benefits to consumers may be indirect.

In addition, more easing of the Large-Scale Retail Store Law was carried out in May 1994; it reduced the number of non-business days, thereby increasing convenience, and extended the closing time to 2100. Businessmen and OL [office ladies, meaning female office workers] used to voice that if the closing time at department stores and supermarkets was much later, it would be more convenient to them. This wish was finally met.

As the closing time of supermarkets was early in the past, there was room for entry for convenience stores, which are open for 24 hours. But, as these convenient stores must now compete against the supermarkets, they are required to make more business efforts. This can be also considered as promoting consumer benefits. The problem here is that consumers had not been well informed of the fact that the number of non-business days and the closing time were regulated by law. The most of the people probably thought that these business matters were decided by stores themselves.

Third is what has been put into effect in April 1994: Direct sale of portable telephones and improvement in [telephone] services. The portable telephone market in Japan has expanded rapidly since the collapse of NTT's monopoly through deregulation and introduction of IDO's [Nippon Ido Tsushin] cellular telephone services in 1989. The size of this market grew from 240,000 units in 1988 to 1.38 million units in 1991.



But the spread of portable telephones among the general public began in full-scale when the direct sale of telephone units started. The basic charge for low-use callers—the rate established especially for customers who do not make many phone calls—dropped below 5,000 yen. Also, as the number of manufacturers entering the market increased, the price of a telephone unit made by some manufacturers for direct sales is now below 100,000 yen. As a result, the number of subscribers is now estimated to exceed 3 million as of the end of 1994. Those who had been hesitant to use portable telephones during the days of rentals finally decided to try them out when direct sales began. No additional explanation seems necessary about the fact that the benefits to those consumers interested in portable telephones have increased tremendously since April 1994.

To be sure, there are some types of deregulation that may damage consumer benefits. One example would be a haphazard elimination or relaxation of such regulation as the Food Sanitation Act, which has been in place for safety reasons. In general, however, even with regard to those regulations for social and safety reasons, it seems necessary for the government to actively disclose enough information to consumers so that the consumers can make their own judgment and take responsibilities for themselves—this is particularly so for Japan's over-regulated society. And, if elimination or relaxation of regulation gives rise to oligopolistic companies, the Antimonopoly Law should be applied.

As discussed above, deregulation has promoted consumer benefits in general, and its effects can be expected in the future as well.

Incidentally, aside from bureaucrats, a big chorus for deregulation for one reason or another currently comes from many people in the mass media and specialists who are interested in this issue. Even the people in Kasumigaseki are for deregulation in general. (It has been pointed out that such ministries as the Ministry of Transports [MOT], the Ministry of Posts and Telecommunications [MPT], and the Ministry of Construction [MOC] are increasingly inclined to promote deregulation even by risking their own ministerial interests). Unlike reform of the tax system, opinions of the mass media are not divisive.

#### Numerous Obstacles

Given that there is a consensus in Japanese society—particularly among those interested in this issue—on the need for deregulation, the problem is what lies ahead; that is, what kinds of obstacles exist, and how these can be overcome.

The most well-known fact is a conflict between industries with vested interests and bureaucratic organizations that don't want to lose their rights of supervision. The former groups often get zoku Diet members involved in trying to maintain their status quo. I have no intention to repeat arguments on this point, but let me cite one

simple example. That is, the reason why simplification of the automobile inspection system has not progressed much, despite the wish of many of our citizens.

Why, without regard to actual mileage, is it required to have a new car inspected when it turns three years old, and every two years after that? The MOT is negative about a proposal to change the inspection requirement to one based on actual mileage, saying that some parts deteriorate regardless of actual mileage. This seemingly logical argument has a hollow sound once you know the fact that the automobile repair and maintenance industry has been trying hard to maintain the current system by working with MOT zoku Diet members. Neither the European countries or the United States has strict regulations like Japan's. Therefore, Japan is probably the only country that requires its consumers to pay more than 100,000 yen at each inspection for safety reasons.

Also, until recently, for safety reasons the MOC did not permit building of three-story wooden structures. Companies attempted to assemble and sell housing materials imported from the United States at prices comparable to local prices, but because of public regulation, their original objectives were not achieved. This is because they have to use construction materials that meet JIS [Japan Industrial Standards], change plumbing and electrical systems according to Japanese standards, and take into account the tender system and price appreciation factors.

The MOT had also been reluctant until recently to let multiple airlines to have flights on the same route, fearing deterioration of business in these companies. Even after it approved this new setup, the airlines do not have freedom to set fares. Therefore, even with this double-tracking system, passengers receive no benefits, except for the increased number of flights.

What should be done to eliminate these kinds of obstacles? For the former, prescriptions have already been prepared. As Prime Minister Hosokawa and Prime Minister Murayama stated in their keynote addresses, breaking up of the adhesive structure among politicians, bureaucrats, and businesses is definitely important. However, solution to this problem is a good example of the saying, "easier said than done." Even the issue of "reviewing the system of *amakudari* ["descent from heaven"] appointments" of former government officials to responsible positions in industries can become a major problem, which might completely upset the order of the bureaucratic structure. Also, it is almost an impossible task to get approval from each minister, who would face opposition within his ministry.

Aside from this issue, however, a prime minister is required to play a leadership role in persuading bureaucrats and industries with vested interests to accept deregulation. This role is not limited to the ability to persuade, but also requires a superior ability to maneuver and plan for implementation of Policy decisions.



It will be quite difficult to overcome the passiveness of bureaucrats themselves unless those who want to promote deregulation (here, let's assume these people are ministers, parliamentary vice ministers, and other Diet members) have the same quantity and quality of information as the bureaucrats do. However, the wall is quite thick, because whenever a Diet member tries to obtain information from an administrative office by using his right to the national census data, selection of data is at the discretion of bureaucrats. The same applies even to ministers. In any event, even if the Murayama cabinet has a strong will to accomplish its objectives of eliminating such obstacles to deregulation as bureaucratic opposition and the well-known cooperative system that exists among politicians, bureaucrats, and businesses, it will have quite a difficult time in achieving them.

Therefore, the government decided to establish within the cabinet an Administrative Reform Committee pursuant to Article 8 of the National Administrative Systems Act to oversee the progress of administrative reform and apply pressure indirectly. However, as this committee is an Article 8 committee devoid of any legal power, it is an unknown quantity in terms of to what extent it will be able to achieve its objectives.

#### **Actual Conditions of Regulation Are Not Well Known**

What I would like to take issue here is that, besides the aforementioned obstacles to implementation of deregulation, there exist some other obstacles that have not been discussed much in the past. These obstacles also pose as impediment for the prime minister to assume a leadership role. I am thinking that if these obstacles can be overcome, the traditional types of obstacles mentioned in the previous section will be eliminated to a certain extent, if not completely, so that deregulation can come to fruition.

Obstacle number one is that the public in general lacks knowledge on deregulation to an astonishing degree.

To my surprise, while I was doing research for this article, I noticed that opinion surveys on deregulation were almost nonexistent. Aside from privately conducted surveys, opinion surveys have not been done even by the Prime Minister's Office, which has jurisdiction over the Agency for General Affairs that is in charge of deregulation and administrative reform. This makes me wonder to what extent the government is willing to promote deregulation. Apart from this situation, the results from a limited number of surveys indicate that the general public do not have a thorough understanding of the deregulation issue.

According to the "Survey of People's Sentiments" conducted by Asahi Bank in the autumn of 1993 to 400 men and women in ages 16 to 69, most of the male students and women commented that they "don't understand very well," or misunderstood the meanings of questions, or gave no replies. Also, irrespective of gender, the respondents felt that deregulation should not disturb the

public order, saying that deregulation should be conducted "at a moderate speed" or "according to types of regulations," and that they tended to welcome deregulation in such areas beneficial to themselves as consumer prices. This survey was not conducted to assess the pros and cons on deregulation statistically, but it revealed that the respondents were not sure how to answer, because they did not have a clear understanding of the meaning of the word, deregulation.

I would like to repeat that as it is necessary to have a understanding and support of the citizens to carry out reform, this lack of understanding on the part of the citizens and consumers is a major obstacle. However, the general public are not the ones to be blamed for this "lack of knowledge." As the issue involves various topics, those who argue for or against [deregulation] must provide the citizens with precise information, and ask for their judgment. Currently, such efforts have not been made, and therefore the general public cannot follow the debate.

Now, using a textbook approach, I can explain types of regulations as follows:

Official regulations can be divided mainly into those for economic reasons and those for social and safety reasons. The former can be classified further into entry control over manufacturing of alcoholic beverages, distribution, air transport, and so on to adjust demand and supply, such regulations over construction of new or additional shops and facilities as the Big Shops Act, import control as in the case of rice (beginning in the fiscal year 1994, 400,000 tons of rice at maximum can be imported), control over price and fare for railway transport, electricity, gas, and so on, and regulations over financial, securities, and insurance industries. The latter types of regulations for social and safety reasons include the Town Planning and Zoning Act, the Building Standards Act, the Food Sanitation Act, the Air Pollution Control Act, and the Road Traffic Act.

Among these regulations, there may be some that will require strengthening of control due to changes in circumstances. Also, new kinds of areas for regulation may appear. In any event, the above classification shows the variety and complexity of so-called regulations.

In debating the pros and cons on deregulation, therefore, we need to examine thoroughly the reasons why a particular regulation was enacted. Then, we must study how the social and economic conditions at present differ from those at the time when the regulation was introduced. These are the steps we must take in debating for or against the continuation of a particular regulation.

The problem is that there are not many discussions on the pros and cons, given the varied contents of regulation. This is obvious when you think of it—the contents are so complex that you must be careful when you take up one piece of regulation and try to generalize your argument on the whole of deregulation. This is especially



so for the general public, who do not have a thorough understanding of the contents of various types of official regulation mentioned earlier. (For example, see "Deregulation Nightmare" by the Group 2001 in the August 1994 issue of BUNGEI SHUNJU.)

Arguments by those who support and want to promote deregulation do not necessarily explain in simple terms how consumers' benefits will be enhanced. There are so many things that need to be touched upon, and because of the nature of a report that focuses on generality, this tendency may be unavoidable. But, both the interim and final "Hiraiwa Reports" did not elaborate on how consumers' benefits would increase. The reports simply stated that "[deregulation] would expand the range of various goods and services available to consumers" (per the interim report), "in addition to the expansion of the range of choices for consumers, it [deregulation] would be aimed at reducing price differentials between here and abroad and thereby increasing actual purchasing power" (per the final report), and as one of four objectives for economic reform, "it would create an economic society that places top priority on the living" (per the final report).

It is a well-known fact that Keidanren [Japan Federation of Economic Organizations] has been making considerable efforts to promote deregulation. But, although its pamphlet entitled "Let's Change It Now: The Vertically Structured Administrative System," which explains the need for deregulation, lets us understand the inconvenience felt by industries due to regulation, it does not tell us how deregulation will relate to consumers' benefits.

Professionals and those citizens with keen awareness may appreciate high-level arguments, that is, as official regulation now poses as an obstacle to the reform of the economic and social structure, we need to change our society to the one that will promote more transparent and freer competition in harmony with the international community. But, the general public will not consider deregulation as necessary for themselves unless they are told in concrete terms how it will change their lives favorably and to what extent the change may ensue.

However, as I have already argued by citing actual examples, many of the deregulation measures have increased consumers' benefits, and the people have been enjoying the merits without knowing that these are the consequences of deregulation. Educating consumers on this point seems to be what the supporters of deregulation (including the Murayama cabinet) need to do immediately.

Of course, public support is the necessary but not sufficient condition—consumers do not have a direct influence over policymaking. But, if the Murayama cabinet is determined to promote deregulation by dealing resolutely with those who want to maintain and expand their regulation-based, vested interests, it definitely need such public support. Especially because target areas for deregulation cover a wide range, the work involved is enormous, almost like reform of Japan's entire social and

economic system. The need for such understanding and support from the general public is evident from the history of reform in Japan.

In March 1981, the so-called Doko ad hoc council was established under the Suzuki cabinet. In a year and four months, it came up with a plan to break up and privatize Japanese National Railways, and created a committee for rebuilding and managing the national railways under Article 8 of the National Government Organization Act so as to discuss in detail the actual methods of breaking up the national railways. Subsequently, after two years of debate and deliberation at the Diet, in April 1987 the national railway system started its operations anew as JR, a privately owned company.

Similar to this process, the recent decision on deregulation policies by the Murayama cabinet and the establishment of a Committee for Administrative Reform are equivalent to the stage when the Committee for Rebuilding and Managing National Railways was established. But, the reform of national railways was accomplished not because of the establishment of the committee. It was successful because the people involved in implementing the reform worked hard to lay the ground work to gain support from the general public. Those who promoted the reform publicized through the mass media and so on that the National Railways had an enormous budget deficit and was on the verge of bankruptcy, and that the reasons for this were the inability of the insiders to make decisions on rebuilding the enterprise due to the nature of government-run business, and the existence of collusion between management and labor in terms of workplace discipline. The mass media in turn reported on their own the need for reform of the national railways. (See my book, *Reform of the National Railways*, published by Chu-ko Shinsho in 1989.)

To be sure, unlike deregulation, reform of the national railways was the issue relating to public transportation, which most of the citizens use on a daily basis, and was easy for the public to understand. Still, there were many arguments against the break-up and privatization. One of the reasons that the Doko ad hoc council was able to have its proposal accepted at the end was that the public opinion arose for it. This has been pointed out by many of those who were involved in the reform.

Looking at the issue from such a perspective, the contents of deregulation that the Murayama cabinet is trying to promote is far more complex in comparison to the reform of the national railways. Therefore, unless there is a strong and positive support from the public, deregulation is unlikely to materialize.

#### **Influence of the "Vertically Structured System"**

The second obstacle relates to the first one that the general public have almost no knowledge of the contents of regulation.

The current debate on deregulation is being conducted "vertically" by, except for scholars and researchers,



those industries and corporations that will gain direct benefits from deregulation. There is no horizontal cooperation in this. The fact is that for own self benefits, each individual industry or company is petitioning the Japanese government, or, as seen during the Japan-U.S. framework talks, is asking the U.S. Government to request the Japanese Government to deregulate. Therefore, the activity has not reached the stage where the business circle as a whole exerts political influence to promote deregulation.

MK Taxi in Kyoto in the case of lowering taxi fares, Life Store in the case of the request to eliminate the Large-Scale Retail Store Law, and Yamato Transport in the case of home delivery services—in all these cases, one company in each industry led the way to request and promote deregulation. This indicates that even within a particular industry, there is no consensus on deregulation.

For example, Life Store, a medium-sized supermarket, has been requesting strongly to eliminate the Large-Scale Retail Store Law, but those large supermarkets that have already completed their nationwide expansion and are now faced with competition from small and medium-sized stores are in fact reluctant to support complete elimination of the law. Therefore, during the process of debate that led to the relaxation of the Large-Scale Retail Store Law as of May this year, the large supermarkets emphasized the importance of extending store hours and reducing the number of off-business days.

Regarding the taxi industry, news reports seem to be abundant enough to preclude the need for further explanation here. The petition filed by MK Taxi of Kyoto to lower fares was opposed by other companies in the same industry, saying that such lowering of fares would threaten their livelihood. These are the examples indicating that, within each industry, there are conflicting opinions and interests, which in turn are the reasons for being taken advantage of by the bureaucracy in charge of regulation. In other words, even if these companies have good cause to request deregulation, they are merely trying to increase their business opportunities. Bureaucrats would say that, depending on changes in circumstances, these companies can transform themselves any time into those who want to maintain their own vested interests, and therefore, regulation should not be loosened lightheartedly. This argument certainly has an element of truth as in the case of support of the by large supermarkets.

Of course, I do not mean to ignore the fact that the Keidanren, one of four economic organizations, has been dealing earnestly with administrative reform and deregulation for many years, or to say that there has not been much effort in this area by the Keizai Doyukai [Japan Association of Corporate Executives] or other business groups. But, if these economic organizations are aiming at enhancement of mid to long-term benefits for the entire economic circle beyond the benefits of each

individual industry, they must compile their opinions on specifics and prioritize reform agenda, rather than restricting their discussion to pro-deregulation in general terms. Furthermore, in pursuing deregulation mentioned earlier, those industries with pioneering spirit could have appealed to the public how necessary it is for the Japanese society to promote a wide-ranging deregulation, rather than focusing their attention on maintenance and expansion of their own benefits. This is particularly so when we consider the fact that corporations are social beings.

In any event, although big choruses exist for deregulation at present, their energies are spread thin because such activities themselves are structured vertically. This could become an obstacle for the Murayama cabinet, if it truly has a will to carry out deregulation, because bureaucrats will be able to "divide and rule" by taking advantage of conflicting interests among industries and companies. Therefore, it is necessary for those industries and companies with vested interests to come to an agreement on promoting deregulation at both general and specific levels so that Japan will be able to have an economic and social system in harmony with the international community as quickly as possible.

#### Reform by "Internal Pressure"

The "Hiraiwa report" acknowledged on the one hand that official regulation had contributed to the development of Japan's industries and the stability of the citizens' lives, but also stated that such regulation was now inhibiting Japan's economic and social structure from transforming itself, and that it should be reviewed thoroughly for possible deregulation without being enmeshed in the past circumstances. They proposed that economic regulation should be based on "freedom in principle and regulation as exception," and that if regulation was to be imposed as an exception, it should abide by the principles of fairness, simplicity, and transparency. They also pointed out that regulation for social and safety reasons should be minimized according to the principle of "self-liability."

As I mentioned earlier, an outline for deregulation based on the "Hiraiwa report" was passed during the Hata cabinet in June 1994. It was also decided that a council on administrative reform was to be established to deal with the united forces of status quo adherents among politicians, bureaucrats, and businesses.

Therefore, if the Murayama cabinet, as the prime minister himself stressed in his key note address, truly believes deregulation and administrative reform as its most important political agenda, it must carry out its policies as soon as possible according to the original schedule. As Prime Minister Murayama surprised us by a series of changes in the SDPJ's traditional policies on the security treaty, SDF, and consumption tax, he might be able to set himself apart from the past circumstances and exercise bold leadership on deregulation and administrative reform.



However, the strong leadership of the prime minister and the existence of the Council on Administrative Reform, which oversees the actual progress, are not enough. As I explained earlier by drawing examples from the "history" of reform of the national railways, what's most important now is for the Murayama cabinet to provide and educate the citizens with information on deregulation. In particular, problems associated with deregulation and consumers' benefits from deregulation should be explained in concrete and simple terms. Such straightforward activities to gain understanding should raise the expectations and support of consumers for deregulation. The need for "internal pressure" in the form of rising public opinion seems evident when we consider the following facts.

In the past, the largest factor in implementing deregulation was not internal pressure, but external pressure, especially from the United States. Oranges, the Large-Scale Retail Store Law, and portable telephones—all these were the results of persistent requests from the United States.

However, reliance on external pressure has reached its major limitation. This became evident during the recent Japan-U.S. framework talks on the insurance field. In such tertiary areas as cancer insurance, foreign companies, including U.S. firms, have a large share in the Japanese market, maintaining their vested interests. In view of deregulation, the Japanese Government tried to let Japanese companies enter this market, but the U.S. side opposed this move initially.

In other words, as the Japanese market gradually opened because of external pressure, U.S. firms entered the market, and as these firms began to enjoy their vested interests like domestic companies, they started to take protectionistic actions. All this has just begun. Therefore, as I stated over and over again, I hope the government will make an effort to equip the citizens, that is, the consumers, with accurate information on deregulation so that they can become interested in and supportive of deregulation. The future of reform seems to depend first on the willingness of the Murayama cabinet, and second on the rise in public opinion.

### **Stronger Wording in Deregulation Report Urged**

*OW0902150495 Tokyo KYODO in English 0633 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—The government's task force on deregulation demanded Thursday [11 February] stronger wording in a draft government report listing deregulation-related proposals, officials said.

The 14 members of the task force, led by Deputy Chief Cabinet Secretary Hiroyuki Sonoda, were unanimous in demanding that the draft place greater emphasis on its majority opinion urging creation of a panel of experts from outside the bureaucracy, the officials said.

The body wants the administration of Prime Minister Tomiichi Murayama to commission a panel of private citizens to advise the government on necessary deregulation measures, the officials said.

In its meeting, the panel unanimously supported a demand to revise the draft report and discussed its wording on a five-year deregulation program that the government plans to compile by March 31, members said.

One panelist slammed the bureaucrats who drafted the report for "ignoring the majority opinion" expressed at earlier meetings by the panelists, they said.

Each panelist was invited to provide his or her opinion on the matter, they said, and all said the draft should reflect their demand for establishment of a permanent committee of nonbureaucrats such as scholars, they said.

Such a body would be able to advance more effective proposals in setting the order of priorities from the standpoint of private citizens, the panelists were quoted as saying.

As a result, the councilors' office on internal affairs of the cabinet secretariat was instructed to revise the draft following a similar revision earlier in the month, they said.

### **Potential U.S.-Japan Dispute Over FSX Cost Cited**

*OW1302061995 Tokyo AERA in Japanese 30 Jan 95 pp 24-25*

[Article by AERA editorial board member Shunji Taoka: "Unblessed Birth of FSX"]

[FBIS Translated Text] "It is like a child born of rape. Even the sight of its face, which resembles its father, makes me feel unpleasant...."

A section chief at the Defense Agency said this and smiled wryly after the Air Self-Defense Force's [ASDF] next-generation fighter, code-named the FSX, was unveiled at Mitsubishi Heavy Industries' Komaki-Minami plant, in Aichi Prefecture, on 12 January.

Usually, the "rollout" of a newly produced airplane is supposed to be a grand occasion for all the persons concerned. However, the Japanese side has been haunted by its bitter experience concerning the FSX: "We have had a hard time with the unreasonable requests of the United States."

Originally, about a decade ago, the Defense Agency, the ASDF, and Mitsubishi Heavy Industries had planned the development of the FSX fighter to be an entirely domestic project. A "support fighter" is an attack aircraft whose primary combat role is to interdict, with air-to-surface missiles, landing ships that are carrying



troops to invade Japan. Seventy-four F-1's, which are currently deployed, are also Mitsubishi-made domestically produced planes.

The FSX, which is to replace the F-1, was supposed to be built domestically. With the "stealth technology" that would make it difficult to be detected by radar and its front-edge, computer-controlled horizontal and vertical fins to achieve high maneuverability, the Defense Agency wanted to develop a warplane that is superior to those of the United States and Western Europe.

The plan, however, met with strong opposition from the United States when it learned that Japan was trying to catch up with it in terms of aviation technology, too, and the U.S. Government put pressure on Japan to import U.S.-made fighters.

Although Japan considerably resisted the United States' pressure, in the end it listened to the Japanese Foreign Ministry, which attaches importance to the Japanese-U.S. relationship, and it exchanged an official note, as an indication of goodwill to the United States, in October 1987 stating that Japan's new warplane would be jointly developed by Japan and the United States through a major revision of then General Dynamics' (Lockheed Fort Worth) F-16 fighter.

#### **Making Concessions to U.S. Requests One After Another**

In Japanese culture, you can expect goodwill to be answered with goodwill. On the other hand, when you negotiate with the Americans, once you make a concession, you will have to concede again most of the time. After Japan agreed to the joint development of the FSX fighter based on the F-16, it encountered unexpected criticism from anti-Japanese legislators, the industry, and "technonationalist" intellectuals who claimed, "Japan is trying to steal U.S. technology through the joint development."

They sought to change the already reached agreement between the two governments, claiming that the flight-control computer software should not be given to Japan, that the United States should receive a 40-percent share of the production of six test aircraft, and that Japan's technology should be transferred to the United States.

"There is no technology to steal from an old plane like the F-16, which made its first flight in 1974. We should revert to domestic development."

The Defense Agency and engineers at Mitsubishi Heavy Industries got angry, but the Japanese Government once again yielded to the demands of the United States in order to avoid a confrontation between the two countries.

The U.S. Government's interference caused a two-year delay in the program, and the maiden flight of the FSX fighter, which was originally due in 1993, is scheduled

for this summer. In addition, its development costs, estimated at 165 billion yen, have doubled to 327.4 billion yen.

While the U.S. side has acquired Japanese technology such as co-cured composite technology for carbon fiber-made main wings under the codevelopment of the FSX fighter, Japan, which shouldered all the development costs, has obtained virtually no new technology.

The FSX fighter's deployment will be delayed until 1999 from the originally scheduled date of 1997. Because Russia's military is being rapidly hollowed out following the collapse of the Soviet Union, no one is making an issue of the FSX program's delay. Even reducing the number of warplanes is being discussed, and the question is being asked, "Is the FSX really necessary?"

#### **Japan and the United States May Fight Over the FSX's Price**

While the Defense Agency wants to maintain its current three flight squadrons of F-1's, the number of FSX's to be produced is likely to be reduced from the initially planned 130 planes, including spares ones, to approximately 70, which is the same as the number of F-1's.

The FSX's price is also an issue. The manufacturer is said to be asking approximately 12 billion yen per aircraft. Under the tight budget, however, the Defense Agency says: "We cannot comply with such an unreasonable demand. Because the F-16 costs 4.5 billion yen per aircraft, its updated version should not cost much more than 6 billion yen." In fact, the estimated price of 4 billion yen was one of the factors that led to the codevelopment of the FSX fighter based on the F-16.

Mitsubishi Heavy Industries, however, is not the only one that the Japanese Government has to negotiate with over the price. There is a possibility that the U.S. Government, which is demanding a 40-percent share of the overall production, will interfere again. The situation could turn out to be like the father of a child who was born through rape poking his nose into the business of the child's allowance.

While the friction over the FSX in the past was based on "technonationalism" and anti-Japanese sentiment, preventing unemployment in the defense industry is now an urgent issue in the United States. The U.S. Government, with a cumulative debt of \$4.5 trillion, or approximately 70 percent of its annual GNP, has to cut its defense spending drastically, especially its expenditure on equipment. Over the past five years, the value of orders placed has declined to about half the previous figure.

The yellow light is flashing for the prospects of the U.S. Air Force's next-generation Lockheed F-22 fighter because of the reduction in U.S. defense spending. While the F-22 is a high-performance stealth fighter whose prototype made its maiden flight in 1990, the Pentagon, in its review of the development and procurement of



major equipment published last August, announced the suspension of the F-22 program.

#### Other Countries To Reduce Warplanes, Too

Since then, it was decided in December to continue the F-22 program after the industry and legislators desperately sought to restore the project. However, the F-22 will be deployed in 2005, a one-year delay from the original schedule, and the plan to produce 650 F-22's was altered to 440.

Nevertheless, because the F-22 costs about 16 billion yen per aircraft, there is a heated debate in the United States which asks: "Is the F-22 necessary? Which country's warplanes is it going to fight?" Depending on the financial situation, the program may be suspended, as proposed in last August's Pentagon plan, or its production run may be reduced drastically.

The "Eurofighter 2000" program, a project being jointly developed by Germany, the United Kingdom, Italy, and Spain, is in trouble because the Soviet threat has disappeared and the respective countries are experiencing financial difficulties. In particular, Germany, whose budget is tight after its unification, once announced its withdrawal from the project. Although it has rejoined the program on the condition of developing a low-cost version of the aircraft, it has reduced the number of fighters that it will purchase from 250 to 140. Because Italy and Spain cut their orders too, the total production will decline from 765 to 607, and the number is likely to drop further.

In Russia, the Mikoyan design bureau is developing a next-generation fighter code-named the "1.42 program." It is unlikely, however, that it can afford to produce and deploy this expensive next-generation warplane under the circumstances in which Russia's defense spending has declined to approximately one-seventh of its total of five years ago and in which the payment of military officers' salaries continues to be delayed.

#### U.S. Forces Offer More Aid to Quake-Hit Areas

*OW1302115395 Tokyo KYODO in English 1042 GMT 13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—The U.S. Armed Forces in Japan will offer more tents and beds for people in the quake-hit areas in western Japan on Tuesday, the Foreign Ministry said Monday [13 February].

The U.S. Forces stationed in Japan earlier offered blankets, drinking water, tents and plastic sheets immediately after the Jan. 17 earthquake which killed more than 5,300 people in Kobe and its vicinity.

The additional aid is in response to requests by the Hyogo Prefectural Government, the ministry said.

The latest aid includes 100 beds and 27 medium-and small-size tents for the evacuees, volunteers and for storing goods.

Fifteen U.S. Navy officers stationed in Okinawa will go to Kobe to help set up the tents in five areas, including a park in Ashiya, it said.

#### U.S. Stance on Base Issues Pleases Okinawa

*OW1002135095 Naha RYUKYU SHIMPO in Japanese 10 Feb 95 Morning Edition p 2*

[FBIS Translated Text] A delegation from the Okinawa Prefectural Government, including Policy Coordinator Choko Takayama, is now visiting the United States. On 7 February, the delegation petitioned in Washington for the resolution of military base-related issues.

At the Pentagon, they met with John B. Hall, chief of the East Asia and Pacific Region Division. Concerning a report on "overhauling the military bases on Okinawa," which will be prepared under the law on reviewing defense spending, Takayama called for U.S. efforts to have the report reflect Okinawan residents' demands. In response, Hall said: "In view of the fact that this year is the 50th anniversary of the end of the War, efforts should be made to resolve the three pending issues concerning the military bases. I will do my best to have the report reflect your requests." Thus, he showed a positive attitude on settling the Okinawa military base issues, including the return of Naha Naval Port and two other pending problems.

Democratic Representative Neil Abercrombie, who has devoted his efforts to the formation and enactment of the law on reviewing defense spending, said, "I will call on the Department of Defense to consider Okinawa's wishes." Although the Republican Party has gained more influence after it won the off-year election in November last year, Representative Abercrombie has vowed to support the settlement of these issues. He said: "We will do our utmost to deal with Okinawa's problems."

The delegation also met with Jack Shanahan [name as published], director of the National Defense Information Center in Washington. He explained about the closure program for the bases in the United States, which has entered its third phase. He said the shutdowns do not immediately lead to a sharp drop in the budget, because the "funds are needed to pay retirement allowances for the base employees, and to implement measures for environment purification after shutting down the bases."

Takayama said: "Okinawa's base-related issues are well-known at the Pentagon. We can expect its efforts to promote the solution. I was encouraged by Mr. Abercrombie's remarks promising his support."



**DFAA Head: Base Issue May Be Solved by May**

*OW1102142995 Naha RYUKYU SHIMPO in Japanese  
11 Feb 95 Morning Edition p 1*

[Report on news conference by Defense Facilities Administration Agency director-general Noboru Hoshuyama in Tokyo on 10 February]

[FBIS Translated Text] Tokyo—At a 10 February news conference, Noboru Hoshuyama, director-general of the Defense Facilities Administration Agency [DFAA], commented on Okinawa's three base-related issues, including the return of Naha Military Port. He said: "Defense Agency [DA] Director General Tokuichiro Tamazawa is scheduled to visit the United States in early May. I hope that prior to his trip the DFAA's special task force will promote discussion (at the Japan-U.S. Joint Committee) on these issues and reach a conclusion. The issues will come to a most important point during Tamazawa's U.S. trip." In this way, he indicated a solution to the base-related issues would be worked out before 15 May, the day commemorating Okinawa's reversion to Japan.

He also disclosed the itinerary of DA Director General Tamazawa's visit to Okinawa, which starts on 17 February. Previewing Tamazawa's meeting with Okinawa Governor Masahide Ota, Hoshuyama said: "Being mindful of Prime Minister Tomiichi Murayama's instructions and a planned visit by Tamazawa himself to the United States, the director general will discuss with the governor ways to deal with the three base-related issues." He said he would accompany Tamazawa on his trip to Okinawa.

Hoshuyama said the DA director-general hoped to make progress in Okinawa's base-related issues during his visit to the United States. He also stressed: "The DFAA's special task force is studying technical matters (concerning the return of Yomitan Auxiliary Airfield and Naha Military Port). We hope to reach a conclusion on how to handle these issues before Tamazawa's trip to the United States." He then indicated his intention to prepare materials for Japan and the United States to discuss Okinawa's base-related issues from broader viewpoints during Tamazawa's visit to Washington.

According to Hoshuyama, Tamazawa will arrive in Naha on the night of 17 February, fly over Okinawa by helicopter on the morning of 18 February to inspect military bases from air, hold a breakfast meeting with Self-Defense Forces officers and the commander of the U.S. forces in Okinawa, and meet with Ota on the same day. Before leaving the island, he will hold a news conference at Naha Airport.

Giving an outlook for talks between Tamazawa and Ota, Hoshuyama said: "It is still too early for them to discuss such details as where alternative facilities [to replace Yomitan Auxiliary Airfield and Naha Military Port] should be built and how large they should be. They will discuss only general matters." He added that he would

seek cooperation from the Okinawa Prefectural Government and the municipalities where the U.S. forces are stationed in dealing with the issue of streamlining military bases.

**OKINAWA TIMES on Outlook**

*OW1102112995 Naha OKINAWA TIMES in Japanese  
11 Feb 95 Morning Edition p 1*

[FBIS Translated Text] Prefectural government policy coordinator Choko Takayama completed all his scheduled events on 10 February in Washington. He is visiting the United States to ask the U.S. Government and Congress to have a report, which the Pentagon is preparing on overhauling the U.S. Forces in Japan, reflect the Okinawan people's voices. In response to the coordinator's request, a Pentagon official in charge of Pacific affairs explained that a conclusion to Japan-U.S. negotiations on the three important issues, including the return of Naha Naval Port that was talked about at a recent Japan-U.S. summit, will be reached "around June this year."

Moreover, Ronald Dellums, former chairman of the House of Representatives Arms Committee, expressed his intention to visit Okinawa in the near future with other influential Republican lawmakers. The coordinator gave a telephone interview to OKINAWA TIMES.

When he met with John B. Hall, chief of the Pentagon's East Asia and Pacific Region Division, coordinator Takayama asked questions regarding the Japan-U.S. negotiations over the so-called three issues—including the return of Naha Naval Port and Yomitan Auxiliary Airfield and suspension of live-shell firing exercises over Prefectural Highway 104. Although he did not refer to concrete matters discussed at the negotiations, Hall clarified that the United States is thinking about reaching a "conclusion" around June and that the three issues will be mentioned in the report that the Pentagon is now preparing.

Regarding the three issues, the Japanese and U.S. Governments are studying such pending matters as the possibility of transferring port facilities to another location and Japan's share of expenses needed to settle the issue.

Meanwhile, Takayama asked Floyd Spence, chairman of the House of Representatives Arms Committee, and former Chairman Dellums to visit Okinawa to inspect the military issues' current status. In response, Dellums said: "I will try to have the United States grapple squarely with the (Okinawa) bases issues. I am coordinating on this by calling on Republican lawmakers to join us so that we can visit Okinawa starting 10 April." In view of his schedule, Chairman Spence simply stated: "I would like to study the request as a future task."

Dellums is scheduled to meet Defense Secretary William Perry in the near future in California, where he is from. He said: "I will explain to the defense secretary that



settlement of the Okinawan base issues will reduce U.S. defense expenses." Regarding the overhaul report, which will be submitted to Congress by 1 March, Dellums said: "I will ask the Pentagon to contact the prefectural governor before submitting it [to Congress]." In this way, he explained his intention to work on the U.S. Government to have the report reflect Okinawan peoples' demands.

#### **APEC's Likely Decision on Trade Partners**

*OW1002153595 Tokyo MAINICHI SHIMBUN in Japanese 10 Feb 95 Morning Edition p 9*

[FBIS Translated Text] It seems likely that the Asia-Pacific Economic Cooperation Conference (APEC) slated to be held in November in Osaka will put off making a decision on whether or not it will unconditionally allow non-APEC member nations to take advantage of APEC's trade and investment liberalization. This was disclosed by a senior official of the Ministry of Foreign Affairs [MOFA] on 9 February.

In January, Japan, as the host nation of the Osaka conference, asked the views of all APEC member nations on how the liberalization of trade and investment should be promoted. On measures to deal with non-APEC member nations, however, "many of them were of the view that the conference should not reach an easy conclusion," (according to a senior MOFA official). The Japanese Government believes APEC's unity will be damaged if it tries to make a hasty agreement.

#### **Tokyo To Propose Action Program at APEC Meeting**

*OW1202084695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Feb 95 Morning Edition p 3*

[FBIS Translated Text] The government will present a proposal at the high-level working meeting of the Asia-Pacific Economic Cooperation [APEC] to be held in Fukuoka from 13 February. The proposal will suggest an action program to give shape to the APEC declaration adopted at the APEC summit meeting last November which called for the "liberalization of trade and investment." The Japan-proposed action program consists of three pillars: liberalization of trade and investment, promotion of trade, and economic cooperation. Japan's aim is to prevent discussion from concentrating on trade and investment liberalization by attaching equal importance to the three areas.

The action program will include trade and investment and schedule for achieving the goal of liberalization by the year 2020. However, on the grounds that "discussions of an APEC meeting last year concentrated on the issue of liberalization," (according to the Ministry of International Trade and Industry), the Japanese Government has decided not only to include schedule for the liberalization but also place equal emphasis on the three areas.

On the issue of liberalization, how to promote trade liberalization agreed at the Uruguay Round of trade talks will be the focus of discussion. Ways to improve environment for investment and standardize licensing systems for trade promotion will also be discussed at the meeting. In the area of economic cooperation, discussions will be held on ways to promote economic "cooperation between developing countries."

#### **To Propose 'Standstill Principle'**

*OW1002013095 Tokyo YOMIURI SHIMBUN in Japanese 9 Feb 95 Morning Edition p 7*

[FBIS Translated Text] A government source on 8 January disclosed Japan's intention to propose at the Asia-Pacific Economic Cooperation (APEC) conference the principle "not to further strengthen existing protectionist policies."

The APEC will hold senior officials' meeting (SOM) in Fukuoka beginning 13 February. At the meeting, Japan will demand participants confirm and implement the principle.

The "standstill" principle is aimed at accelerating multinational negotiations on trade liberalization by drawing up an agreement among participants not to further strengthen their protectionist policies.

#### **Editorial on Japanese Leadership in APEC Forum**

*OW1102131495 Tokyo YOMIURI SHIMBUN in Japanese 11 Feb 95 Morning Edition p 3*

[Editorial: "Japan Urged To Display Leadership in APEC"]

[FBIS Translated Text] A high-level working meeting of the Asia-Pacific Economic Cooperation [APEC] forum, scheduled to be held next week, will start the work of mapping out an action program in line with an APEC declaration issued last fall that called for the liberalization of trade and investment in the region by the year 2020.

The declaration, which was adopted by an APEC informal summit held in Bogor, Indonesia, called for strengthening the open and multilateral trade regime and promoting the liberalization of trade and investment, as well as economic and technological cooperation, among the APEC member nations with the aim of bringing a balanced economic development to the Asia and Pacific region. The declaration set the year 2020 as a target year of liberalizing trade and investment in the region.

Japan, the host of the next APEC summit, is mandated to map out an action program by November (when the summit is scheduled) after coordinating with other APEC member nations about it. The action program will spell out the scope of trade and investment liberalization, the way to promote it and its schedule.



APEC consists of 18 nations which include Japan, the United States, China, Southeast Asian nations and Latin American nations. The APEC member nations account for about 40 percent of the world's trade and population and for more than 50 percent of the world's gross domestic product (GDP).

The action program, which will put forth specific plans for liberalizing trade and investment and a balanced economic development in the region, will give a great impetus to the entire economy of the region as well as the world.

We urge the Japanese Government to host the APEC summit in such a way that the expectations of the region are met.

The work of mapping out the action program is not easy. The phase of economic development among the APEC member nations is different, and wide cultural and social differences exist among them. There is a different intent between the United States, which aims to establish hegemony over the region, and Malaysia, which is reacting against the U.S. aim. There is no consensus among the APEC member nations on the issue of trade and invest liberalization.

If the United States hastens the market opening while dismissing the present situation in the region, this will cause an unnecessary economic confusion, similar to the currency crisis in Mexico.

The Japanese Government intends to make the idea of balancing "liberalization" and "cooperation" a principle for mapping out the action program. For trade and investment in the region to be liberalized, it is necessary to promote various economic and technological cooperation in the region to narrow the existing gap among the APEC member nations.

The Japanese Government plans to propose specific ways to put into effect a blueprint for the "partnership for advancement"—under which industrialized nations assist technologically and financially developing countries, and industrialized nations and developing countries team up to assist other developing countries. This proposal is in accord with goals of the APEC declaration issued last fall.

The proposal alone is inadequate. Japan itself needs to specifically promote liberalization and cooperation in order to map out the action program with support and cooperation of other APEC member nations.

What is important for Japan is to make efforts to open its market and liberalize trade and investment. Although the rate of Japanese tariffs is the lowest among industrialized nations, the United States and Asian nations are still pointing to the closure of the Japanese market.

The Japanese Government needs to remove impediments to the market by making a sweeping relaxation or abolishment of bureaucratic regulations and correcting

unfair business practices in the process of setting a five-year plan for the relaxation of regulations, the formulation of which has entered the final stage.

The Japanese prime minister, who will host the APEC summit, should display his leadership in the policy-decision process at home in order to enable him to display his leadership in deciding on the action program.

#### **Ministry 'Source' Previews 2 Mar Kozyrev Visit**

*OW1102111495 Tokyo ASAHI SHIMBUN in Japanese  
11 Feb 95 Morning Edition p 2*

[FBIS Translated Text] Commenting on a visit to Japan by Russian Foreign Minister Andrei Kozyrev, a Foreign Ministry source disclosed on 10 February that the governments of Japan and Russia are now finalizing a schedule for the Russian foreign minister to visit Japan from 2 to 4 March. During his stay in Japan, the Russian foreign minister will hold talks with Deputy Prime Minister and Foreign Minister Yohei Kono on bilateral issues, including the issue of the four northern islands and of permitting Japanese fishermen to catch fish in waters off these islands. They will also exchange views on the Chechen situation.

#### **Murayama Urges Yeltsin To End Chechen Conflict**

*OW1202091595 Tokyo SANKEI SHIMBUN in  
Japanese 10 Feb 95 Morning Edition p 2*

[FBIS Translated Text] The Foreign Ministry disclosed on 9 February that Prime Minister Murayama, concerned over the continuation of the Russian military intervention in the Chechen Republic and the prospect of a protracted conflict, sent Russian President Yeltsin a letter through the Japanese Embassy in Moscow on 8 February. In the letter, he expressed his fervent hope for a peaceful solution to the Chechen conflict while also hoping that Russian political and economic reforms will continue without any setback. In the letter, the prime minister also expressed his support, from a humanitarian point of view, for the appeal adopted by the Standing Council of the Organization for Security and Cooperation in Europe (OSCE) for an immediate ceasefire in the Chechen conflict.

#### **Talks on Soviet-Era Russian Debts 'Deadlocked'**

*OW1102062195 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 10 Feb 95 Morning Edition p 3*

[FBIS Translated Text] Negotiations between 13 Japanese trading companies—including Nissho Iwai Corporation, Marubeni Corporation, and Mitsubishi Corporation—and the Russian Government are deadlocked over the payment issue of approximately 1 billion dollars worth of Soviet-era debts. Last October, the Russian Government issued a statement that it would issue special promissory notes to repay the principal and interest on outstanding debts in installments. However,



full-scale negotiations have not started yet as Russia is still unable to offer definite repayment plans due to prolonged political and economic confusion. Delay in settling the debt talks may adversely affect Russia's future economic relations with not only Japan, but also other trading partners.

The 13 trading companies are having difficulties in collecting their receivables from exports to the former Soviet Union not covered by trade insurance. For negotiations with the Russian Government, they formed a creditor group called the "Tokyo Club."

Russia recently offered to pay principal and interest repayments via promissory notes issued by the Russian Finance Ministry. Creditors can cash the notes at designated banks to collect their receivables. The Tokyo Club is expected to receive the same conditions as those offered to the Paris Club, a creditors' union formed by Western countries, on interest rates and the settlement deadline.

The proposal was introduced to the Japanese companies by Russian Finance Ministry officials who visited Japan last November while accompanying Oleg Soskovets, first deputy prime minister.

Following the proposal, the 13 trading companies wanted to resume negotiations with Russia as early as January, but the debt talks are still stalled due to the lack of specific proposals by Russia.

The settlement of the debt problem depends on future actions by the Russian Government, but it is quite uncertain whether or not the debt talks will make smooth progress after they resume. Repayments via promissory notes are convenient for Russia because the penalties charged by banks on promissory notes cashed before their due dates will effectively reduce its debts. On the other hand, creditors feel that a promissory notes's only merit is that it can provide quick cash.

### **Egypt's Musa Condemns Israel for Not Joining NPT**

*OW1102140995 Tokyo YOMIURI SHIMBUN in Japanese 11 Feb 95 Morning Edition p 4*

[Report on interview with Egyptian Foreign Minister 'Amr Mahmud Musa by YOMIURI SHIMBUN reporter Masaharu Honda in Tokyo on 10 February]

[FBIS Translated Text] Visiting Egyptian Foreign Minister 'Amr Mahmud Musa granted an interview to YOMIURI SHIMBUN reporter Masaharu Honda in Tokyo on 10 February. Commenting on Israel's refusal to join the nuclear Nonproliferation Treaty [NPT] on the grounds of threat from Iran's nuclear development, the Egyptian foreign minister refuted this as a valid reason. He said: "Israel has no justification for its refusal to join the NPT. As a signatory to the NPT, Iran is unable to keep its nuclear development secret. If Iran is suspected

of developing nuclear weapons, the UN Security Council should ask the International Atomic Energy Agency [IAEA] to inspect."

Discussing the possibility of the United States reducing its aid to Egypt because of the Egyptian policy of not supporting extending the NPT as long as Israel does not join, he stressed: "The United States should not reduce its aid to Egypt for that reason. Egypt will not alter its policy out of fear that the United States will reduce aid to Egypt." He also said, "If Israel insists that it will be unable to join the NPT within one or two years, we understand its position." In this way, he suggested that Egypt is willing to give a certain moratorium period for Israel to join the NPT.

Commenting on reports in the United States and Europe that Egypt is using the issue of extending the NPT as a trump card to make deals with the United States, the Egyptian foreign minister said: "There is a far more serious issue beyond the trump card. Israel is working on a secret nuclear program in a location which is three or four kilometers away from the eastern border of our nation. The program should be placed under international inspections. North Korea was under pressure to return to the NPT. Why is Israel being treated as an exception?" Asked about Egypt's ability to build nuclear weapons, he declined to comment, limiting himself to saying, "I have no intention of answering your question."

Referring to radical Islamic fundamentalists who are posing serious problems in Egypt, he said: "The background and history of the fundamentalist movement varies from nation to nation. The fundamentalist movement in Egyptian society has been moderate. The Egyptian people hate radicalism as they do communism." He went on to say: "Radical fundamentalists are on the defensive in the face of a crackdown. They are now isolated in a specific area in southern Egypt after being driven to there." He also indicated that Egyptian authorities are in control of the situation.

### **ROK Foreign Minister Kong Arrives for Talks**

*OW1102083295 Tokyo KYODO in English 0756 GMT 11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—South Korean Foreign Minister Kong No-myong arrived in Japan on Saturday [11 February] for a two-day visit to hold talks with his Japanese counterpart Yohei Kono.

Kong, stopping by in Tokyo after his visit to the United States, will meet with Kono later in the day.

High on the agenda for the meeting is an international project to replace North Korea's graphite-moderated nuclear power reactors with modern, less dangerous light-water reactors, Foreign Ministry officials said.

Kong is expected to brief Kono about the contents of his talks in the U.S.



Japan and South Korea are expected to play leading roles in financing the project to supply two 1,000-megawatt light-water reactors to Pyongyang.

Other topics likely to be discussed include a series of meetings of the Asia-Pacific Economic Cooperation (APEC) forum which Japan will host in November in Osaka and a regional security forum sponsored by the Association of Southeast Asian Nations (ASEAN), the officials said.

Kong, who was South Korean ambassador to Japan before assuming his current post late last year, may also bring up the problem of South Korea's lifting of a ban on Japanese culture, they said.

#### Meets With Kono

*OW1102135895 Tokyo KYODO in English 1341 GMT  
11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—South Korean Foreign Minister Kong No-myong and his Japanese counterpart Yohei Kono agreed Saturday [11 February] on the importance of dialogue between South Korea and North Korea, Foreign Ministry officials said.

Briefing Kono at the Iikura Guesthouse in Tokyo about his just-completed visit to the United States, Kong said he won understanding from Washington about the importance of progress in Seoul-Pyongyang relations whilst North Korea-U.S. ties make progress under last October's historic nuclear pact.

Kong, who was Seoul's ambassador to Japan before assuming his current post last December, was quoted as telling Kono that he told U.S. leaders that, despite some opposition to the historic U.S.-North Korea nuclear pact in South Korea, Seoul will continue to make efforts to steadily implement the contents of the accord.

Kono told Kong that Japan intends to make a "significant" contribution to an international project to replace North Korea's graphite-moderated nuclear power reactors with modern, safer light-water reactors, the officials said.

The two foreign ministers did not discuss the details surrounding the project, to be implemented by the Korean Energy Development Organization, they said.

Under the accord, North Korea agreed to halt and eventually dismantle its nuclear program in return for the U.S. providing Pyongyang with light-water reactors and alternative energy sources.

Japan and South Korea are expected to play leading roles in financing the project to supply two 1,000-megawatt light-water reactors to Pyongyang.

On other topics, Kono urged South Korea to support its bid to become a nonpermanent member of the UN Security Council for 1997-98, the officials said.

Kong replied that he will "take note" of Japan's request, they said.

Kong, who arrived in Japan earlier in the day, is to leave for home Sunday morning.

#### YONHAP on Talks With Kono

*SK1202023995 Seoul YONHAP in English 0215 GMT  
12 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 (YONHAP)—South Korea and Japan agreed here Saturday evening that inter-Korean dialogue is inseparable part of the Geneva U.S.-North Korea agreement.

The two neighboring countries shared the view at a meeting between visiting South Korean Foreign Minister Kong No-myong and his Japanese counterpart, Yohei Kono.

During the talks, Minister Kong said he had agreed with the United States that relations between the United States and North Korea and between South and North Korea ought to be progressed under the principles of harmony and parallelism.

The Japanese minister said he too fully agrees with the idea.

Regarding the issue of light-water reactors for North Korea, the two foreign ministers reaffirmed that South Korea will play a leading role and Japan a significant part in the project.

Minister Kono, who is also a deputy prime minister, reiterated the Japanese policy that Tokyo would closely consult with South Korea in the course of improving relations with North Korea.

The Korean minister welcomed the initiation in this year of a pilot project to facilitate the permanent return of Korean residents in Sakhalin, which is being undertaken with cooperation from Japan.

Kong stressed that given the advanced ages of 1st-generation Koreans in Sakhalin, measures to comprehensively resolve the issue should be worked out at an early date.

On other issues, Kono said Japan would publicly support South Korea's candidacy for the non-permanent membership of the UN Security Council in the period of 1996-97.

The Japanese foreign minister also expressed appreciation to Korea for the relief materials South Korea provided promptly to the victims of the recent earthquake in the Kansai area of Japan.

#### Seoul TV on Bilateral Talks

*SK1102133695 Seoul KBS-1 Television Network in  
Korean 1225 GMT 11 Feb 95*

[FBIS Translated Text] ROK and Japanese foreign ministers held talks in Tokyo today. The foreign ministers



discussed the liquidation of the past of the two countries and ways to start new cooperation. Reporter Yi Yon-chu reports from Tokyo:

[Begin Yi recording] ROK Foreign Minister Kong No-myong and Japanese Foreign Minister Kono held ROK-Japanese foreign ministerial talks today. Among issues concerning the past of the two countries, the two ministers agreed to pursue joint negotiations with the Russian Government on Koreans in Sakhalin resettling in the ROK.

The ROK and Japanese foreign ministers agreed that Japan will take the core role in the ROK gaining non-permanent membership in the UN Security Council. Japan will also strongly back the ROK to win over Sri Lanka, a strong competitor of the ROK, in gaining support from Asian countries at the UN Asia Group Conference scheduled for May.

Regarding the supply of light-water reactors for North Korea, the two ministers agreed to ensure that ROK-type reactors are selected according to the new coordination framework drawn up during the ROK-U.S. foreign ministers talks held in Washington.

Foreign Minister Kono promised close prior discussion with the ROK regarding Japan's establishment of diplomatic ties with North Korea.

At the meeting it also decided to start preparations beginning in September 1995 for events to mark the 30th anniversary of ROK-Japanese diplomatic relations, which will symbolize the new ROK-Japanese cooperation. [end recording]

### **Impact of Peso Crisis on Japanese Companies**

*OW1302055995 Tokyo SHUKAN DAIYAMONDO in Japanese 11 Feb 95 p 22*

[FBIS Translated Text] It has been a month since the "Mexican financial crisis" caused by the devaluation of the peso began. The anxiety of Japanese industry in Mexico is increasing. In Mexico City in mid-January, an emergency meeting was held under the sponsorship of the Mexico Chamber of Commerce and Industry, which is organized by Japanese enterprises and chaired by Tan Takita [name as published], president of Mexico Mitsuu & Co., Ltd. At the Japan-Mexico Society Building, where the meeting was held, Mitsuro Donowaki, Japanese ambassador to Mexico, was also present, and those who gathered there complained of their sad plight and heaped complaints on the Mexican Government.

At present, there are no signs of a pullout from Mexico by Japanese industry, but each business has suffered a large amount of loss from the difference of exchange rates due to a nearly 40 percent drop in the peso relative to the U.S. dollar. Japanese industry's plight is such that one electronics maker has raised a cry of distress: "We will have to consider a reduction of our business scale."

Nissan Motor Co. is considered to the greatest sufferer of all. The company established its plant in Mexico in 1966—the oldest of all Japanese overseas plants. At first the company's production was directed at Mexico's domestic market in conformity with that country's policy which prohibited imports of automobiles in principle. However, Nissan's ranking among companies rose by leaps and bounds due to the raising of the economic level of Central and South America as a whole, as well as the effectuation of the North American Free Trade Agreement.

Moreover, in 1992 Nissan established a new plant to promote exports to Japan, the United States, and Central and South America. Nissan invested \$1 billion in 1990-1991 to build this new plant and refurbish the old one. The new plant was outfitted with ultramodern equipment, and every visitor to the plant exclaimed in surprise: "This may be the finest of all Nissan plants."

Actual production in 1994 was 60,000 automobiles. Although the plant's production capacity is 100,000 automobiles, it can easily be expanded so that it can produce more than 200,000 automobiles. If the old plant, which produces automobiles for Mexico's domestic consumption, and the new one are combined, they have a production capacity of 270,000 automobiles.

However, the amortization of the colossal amount of investment became a burden on Nissan. And the company ran up a deficit of 10 billion yen even before the peso crisis in 1993, which led to the worsening of its consolidated accounting. In addition, "the lower peso" inflicted further damage on Nissan, and the company's deficit is expected to suddenly become several times larger than the current deficit.

The first conceivable countermeasure is raising the prices of automobiles. However, that possibility is extremely remote, as it is evident from the voice raised by an electronics maker: "Raising the prices of imported goods is allowed, but that is not the case with homemade goods. Raising the prices of homemade goods is incompatible with the policy for improving current balance". However, an exception was made in the case of automobiles, and a 10 percent increase in the prices of automobiles was approved. Despite that, domestic sales are expected to decrease 30-40 percent due to the recession. A 10 percent price increase is a mere drop in the bucket for Nissan, which sells 130,000 automobiles out of the total 620,000 sold in Mexico.

Nissan's overseas production suffered a chain of serious troubles, such as a big deficit in Spain last year and another big one in Mexico this year. Yoshifumi Tsuji, Nissan's president, can do nothing but grieve: "We thought that somehow it would come out all right in Spain, and this time we have another problem in Mexico. It is as if we were hit by another big tsunami."



### Mounting Criticism Stymies BOJ's Bailout Plans

OW1202020995 Tokyo KYODO in English 0111 GMT  
12 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 12 KYODO—Escalating criticism of an official rescue scheme for two bad loans-ridden credit unions is overshadowing Finance Ministry plans to salvage other ailing financial institutions, analysts say.

In order to rescue ailing institutions, the Finance Ministry apparently had planned to launch lifeboats similar to the one it threw last December for the two credit unions.

At that time, Tokyo Kyowa and Anzen credit unions were on the verge of capsizing in the wild waters of huge nonperforming loans extended to a group of speculative real-estate developers.

Analysts say the ministry was planning to prod commercial banks into getting involved in official bailout plans necessitated by the collapse of the "bubble economy," which resulted in huge bad loans.

Of the 110 billion yen in bad loans extended by the two credit unions, some 60 billion yen was given to finance real-estate investment by EIE International Corp. and about 30 of its affiliates.

The ministry bailout plan appears to have gone into the sand, however, with a number of politicians and banks scrambling to join a vociferous chorus against the scheme that they describe as a squandering of taxpayers' money to save institutional investors and large-lot depositors, who had invested in the ailing pair's high-interest time deposits.

Finance Minister Masayoshi Takemura acknowledged that "it would be difficult under present circumstances" to bail out such depositors in view of limits on the current bailout mechanism centering on Deposit Insurance Corp., if a bankruptcy triggers a run.

Deposit Insurance Corp. is allowed to pay insurance money of up to 10 million yen for each depositor if a financial institution goes bankrupt or approaches the brink of a bankruptcy from an existing pool of funds made from insurance premiums paid by member financial institutions.

The new management of Tokyo Kyowa Credit Union, meanwhile, is considering filing a criminal complaint against Harunori Takahashi, its former managing director, on suspicion that he breached trust placed in him by Tokyo Kyowa by allegedly causing it to suffer huge bad debts, union sources said.

The complaint may be filed by March 20, the deadline by which the credit union will disband by handing over its assets and liabilities to the new government-backed Tokyo Kyodou Bank, the central pillar of the rescue scheme.

A Justice Ministry official earlier told the House of Representatives Budget Committee the ministry "will take strict action if (the credit unions' lending activities) involved something that should be pursued as a criminal case."

Burgeoning momentum for filing the complaint was stoked after a string of publications by news organizations of lists of the identities of the institutional investors and cash-heavy depositors that had profited from the two credit unions' high-interest time deposits.

To cite an example, the MAINICHI SHIMBUN newspaper reported Friday that 24 account holders at the two institutions had over 1 billion yen each in savings. Although the holders accounted for only 0.1 percent of all depositors, their investments made up 29.1 percent of the pair's total deposits, the national daily said.

As a sweetener, the institutions used to offer the interest rate on their time deposits more than a full percentage point higher than those of their counterpart banks.

This strategy resulted in the extraordinarily high percentage of 91.3 percent of the pair's total deposit reserves accounted for by time deposits—more than 10 percentage points higher than the ratios held by time deposits at their counterparts, analysts say.

Under the ministry's bailout scheme, the Bank of Japan [BOJ] and private financial institutions will provide a total of 40 billion yen to inaugurate Tokyo Kyodou Bank, while the Tokyo metropolitan government and private banks will shoulder a 120 billion yen portion of the scheme.

The Tokyo metropolitan government is primarily responsible for overseeing the transactions of the two credit unions, although some other critics pointed fingers at the Finance Ministry.

Yoshimasa Nishimura, chief of the Finance Ministry's banking bureau, told a lower house budget committee session on Friday, "the ministry developed anxieties about the credit unions' ways of business transactions for some time before (the bad loan incident came to light), so we used to exchange opinions with the Tokyo metropolitan government officials in charge of supervising the pair."

International Trade and Industry Minister Ryutaro Hashimoto told the same committee on Feb. 3, "I question whether the metropolitan government's responsibility in this matter has been clarified sufficiently."

### Ozawa Demands Murayama's Voluntary Resignation

OW1202125995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Feb 95 Morning Edition p 2

[FBIS Translated Text] Commenting on the government's plans to streamline special public corporations at a news conference held in Morioka City on the afternoon



of 11 February, Ichiro Ozawa, secretary general of the opposition New Frontier Party [NFP], criticized the Murayama government for failing to promptly streamline the special public corporations by saying: "The prime minister has stated that administrative reform is the biggest task for his government. But the results are far from what he has stated." Also commenting on the Murayama cabinet's responsibility for failing to quickly respond to the great Hanshin earthquake, Ozawa said: "A person at the top of the administration bears heavy responsibility. The resignation of a politician is an issue for him to decide." In this way, Ozawa demanded that Prime Minister Murayama resign voluntarily.

Touching on the issue of submitting a no confidence motion against the Murayama cabinet to the Diet, Ozawa said: "The Murayama cabinet's responsibility for failing to quickly respond to the earthquake is one thing and submitting a vote of no confidence to the Diet is another. A vote of no confidence will be rejected in the Diet if the Liberal Democratic Party and the Social Democratic Party of Japan, which form a majority in the Diet, oppose the no confidence motion." Thus, he expressed caution about submitting a no confidence motion against the Murayama cabinet as a way to establish the Murayama cabinet's responsibility for failing to quickly respond to the earthquake.

Stressing that "the NFP has decided not to demand tax increases to secure financial resources to fund reconstruction projects in the quake-hit areas," he said: "If the construction projects are implemented without securing necessary financial resources, this would fan inflation. The government must pool wisdom to use the financial resources now available." In this way, he took a position against issuing deficit bonds.

#### **Situation Within New Frontier Party Discussed**

*OW1102110795 Tokyo ASAHI SHIMBUN in Japanese  
8 Feb 95 Morning Edition p 7*

[Unattributed article; "New Frontier Party—Division of Roles With Seeds of 'Instability'"]

[FBIS Translated Text] In the New Frontier Party [NFP], Policy Affairs Council Chairman Yuichi Ichikawa is charged exclusively with dealing with the Diet whereas Secretary General Ichiro Ozawa dedicates himself to dealing with electoral matters. The real picture of the NFP, members of which are now attending the Diet for the first time since it was founded, has gradually come to light. Affected by the "political truce" in the wake of the great Hanshin earthquake, the NFP has yet to shape a scenario to seize power. Some NFP members are reacting against the present state of their party, which is under the thumbs of Ichikawa and Ozawa. Complaints are heard within the NFP that the party is at the beck and call of former members of the now-defunct Komeito who maintain their unity within the NFP. Now that a NFP-backed candidate has won in the Aomori gubernatorial election, the NFP is breathing

a sigh of relief. Nonetheless, the NFP is likely to remain unstable. A senior NFP member has self-contemptuously said: "The NFP is a group for mutual assistance in elections rather than a party."

#### **Division of Roles**

At the outset of a 7 January Executive Council meeting, Ichikawa touched on the parliamentary deliberations on the budget and said: "Our party will demand changes in the budget [for fiscal 1995]. I hope you will not suspend deliberations on the grounds that our demands are not accepted. I understand that you agree with me."

At a 30 January meeting, four NFP executives decided to adopt a basic policy under which the "NFP will cooperate with the ruling parties in Diet deliberations on the budget." Attending the meeting were Ozawa; Ichikawa; Kansei Nakano, chairman of the Policy Deliberation Council; and Akira Kuroyanagi, NFP representative in the House of Councilors. President Toshiaki Kaifu and three vice presidents were absent. In many cases, important policy matters decided at Executive Council meetings have been later reported to the "Tomorrow Cabinet," headed by President Kaifu.

A majority of NFP members think that the "NFP, as a minority party in the Diet, finds it hard to openly seek Prime Minister Murayama's responsibility for his government's failure to quickly respond to the earthquake at this time when the reconstruction of quake-hit areas is under way" (says a senior NFP member). Ichikawa and Takenori Kanzaki, chairman of the House of Representatives Rules and Administration Committee, both former members of Komeito, are in charge of dealing with the Diet. Their exclusive control of Diet matters is fueling complaints within the NFP. An Executive Council member vented his complaint, saying: "Mr. Ichikawa talks to us as though he were admonishing us about things we already know."

Ozawa has rarely spoken at Executive Council meetings. A NFP member close to him says: "Mr. Ozawa is only thinking of how to make the NFP win in the next general elections." It seems that Ichikawa and Ozawa have reached an agreement on the division of roles in which the former deals with the Diet and the latter deals with the next general elections.

#### **Discord**

"Mr. Ozawa has phoned to offer me a committee chairmanship. I wonder if we can reconcile with each other." After assuming in late January the chairmanship of the House of Representatives Special Committee on Coal Problems, Koichiro Aino gleefully said this to a senior member of the now-defunct Shinseito [the Japan Renewal Party]. Aino and former Transport Minister Keiwa Okuda, in a backlash against Ozawa's control of the NFP, declared themselves "antimainstream members" within the party right after the presidential election last December. The ruling Liberal Democratic Party



[LDP] pinned high expectations on their rebellion, saying: "This is a harbinger of a split in the NFP."

If a situation is created where some members bolt the NFP before the next general elections, which the NFP sees as a "decisive battle," it would shake up the NFP. Ozawa and other NFP members seem to have a sense of crisis regarding that. Now that Ozawa appointed Aino chairman of the lower house committee as an intraparty reconciliatory step, Okuda and other antimainstream members, for the time being, are poised to watch how the NFP will be run. A senior NFP member says: "With all members given their respective roles, the NFP is now tranquil."

Former members of Komeito hold key party posts, which is causing discord within the NFP. A former senior member of Shinseito says: "It seems that the NFP has another organization within it, which makes me feel alienated." In addition, a group of junior NFP members, who bolted the LDP, is complaining: "Former Komeito members are voicing caution about Japan's international contributions and their stance is now making our party's policy ambiguous." The NFP leadership has established a "politics and religion committee" to be chaired by Secretary General Ozawa with the aim of keeping a potential feud between former members of Komeito and the rest of the NFP over the relationship between politics and religion from surfacing.

#### **Cohesive Force**

On 7 February, the "Tomorrow Cabinet" and the Executive Council held a joint meeting to exchange views on the Aomori gubernatorial elections outcome. At the meeting, Acting Secretary General Kozo Watanabe said: "The Aomori gubernatorial election brought us good news." Former Prime Minister Morihiro Hosokawa said: "We will have to seek the Murayama Cabinet's responsibility for its failure to quickly respond to the earthquake." The expressions of senior NFP members present at the meeting was bright for the first time in many months.

The NFP lost its nerve after NFP-backed candidates failed to be elected in the Ibaraki prefectural assembly and Ehime gubernatorial elections. Moves to split the ruling Social Democratic Party of Japan [SDPJ], which were seen as the key to altering the political situation, have remained "frozen" after the great Hanshin earthquake. The NFP leadership, which is eager to use its Aomori gubernatorial election victory as a means to launch an offensive against the Murayama government, says: "The climate has been created for us to launch the offensive." A NFP leader says: "The day for toppling the Murayama government is 1 April. Once the Diet enacts the budget, the issue of the prime minister's responsibility will surface."

Under this situation, Ozawa has taken for himself the process of choosing candidates to run on the NFP ticket in the next general elections since the beginning of this

year by meeting individually with one-or two-term junior lawmakers. Ozawa has repeatedly said: "I will pick candidates who will win in the next general elections. Any personal relationship should not be taken into consideration in choosing candidates." A senior NFP member says: "Ozawa seems to be obsessed with a feeling that if the NFP is defeated in the next general elections, it will scuttle his plan to build a two-party system in Japan and that the NFP should not be defeated whatsoever."

Speaking at a news conference right after the Aomori gubernatorial election, Ozawa said: "Although our party members in the Aomori Prefecture campaigned honestly, voter reaction to our party was cool" and admitted that his party was surveying the NFP's support rating in 300 constituencies. He also showed confidence, saying: "Unlike a series of surveys taken by the media, the LDP and NFP are on a par in voter support ratings." Ozawa seems to be aware that his handling of the next general elections holds the key to the force to hold the NFP together.

#### **SDPJ, Sakigake on Establishment of Liaison Body**

*OW1302142895 Tokyo KYODO in English 1350 GMT  
13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—Two of the governing coalition parties on Monday [13 February] discussed an early setting up of a liaison body between them to promote cooperation and bolster the administration of Prime Minister Tomiichi Murayama.

Leaders of the Social Democratic Party (SDP) [of Japan, SDPJ], headed by Murayama, and new party Sakigake [Harbinger] led by Finance Minister Masayoshi Takemura met Monday night to exchange views on what themes the planned council will deal with, a senior Sakigake official told reporters.

The liaison body "is intended to solidify the two parties' cooperative relationship and throw further support behind the Murayama administration," said Sakigake acting leader Shusei Tanaka, who attended the two-party session.

The other participants were SDP Secretary General Wataru Kubo and Kozo Watanabe, director of SDP's General Affairs Bureau, and Takemura.

Tanaka said the SDP and Sakigake chieftains agreed that the two parties will decide on the formal establishment of a liaison body after full debate within the respective parties.

The leaders of the two parties also discussed possible topics to be raised by the planned council such as full backing of the government's efforts to cope with the aftermath of the Jan. 17 earthquake in western Japan, Tanaka said.



Other themes expected to be brought up for discussion are full implementation of a policy accord adopted last June, on the basis of which the current tripartite coalition government was formed, improvement of the nation's crisis management system and beefing up of the cabinet's functions, according to Tanaka.

Streamlining of publicly funded companies, which critics say serve little more than sinecures for retired bureaucrats and are a drain on the tax-paying public, will also be a key theme to be handled by the planned council, Tanaka said.

Monday's meeting came in response to the agreement reached between Murayama and Takemura in mid-January to set up a liaison body.

"We completed almost all major tasks last year and it is high time the Murayama administration show what it is really made of," Tanaka said.

The present coalition was created late last June after the then opposition Liberal Democratic Party unconditionally accepted the policy accord first reached by the SDP and Sakigake.

#### **Murayama's Administrative Reform Efforts Renewed**

*OW1302083295 Tokyo KYODO in English 0729 GMT 13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—Prime Minister Tomiichi Murayama on Monday [13 February] restated his commitment to administrative reform through possible realignment of publicly funded financial institutions.

At a meeting of government and ruling party leaders, the premier lauded cabinet ministers concerned for their efforts to achieve administrative reform, Yoshiro Mori, secretary general of the ruling Liberal Democratic Party (LDP), said at a news conference.

Murayama also applauded the tripartite coalition's agreement on early Saturday on the slashing of 11 of 92 government-financed corporations.

"This is not the end, as we still face the question of government-affiliated finance companies," the premier was quoted as saying.

"Administrative reform is my cabinet's top priority task, and we must make further efforts to achieve this goal," he noted.

The three governing coalition parties failed in their eleventh-hour attempt early Saturday to strike a deal on proposed streamlining of publicly funded financial institutions, an issue seen as a symbol of the premier's reform agenda.

Unable to bridge the gap over which financial corporations should be merged, they postponed a final decision until the end of the current Diet sitting on June 18.

Initially, the government intended to draw up a final plan on administrative reform centering on the merger or abolition of special public corporations last Friday.

The failure to agree on the handling of government-backed financial institutions dealt a blow to Murayama's eight-month-old cabinet, casting a pall over his future hold on power.

At Monday's meeting of government and ruling party leaders, Chief Cabinet Secretary Kozo Igarashi welcomed the latest decision to cut by 11 to 81 the number of special public corporations, according to Mori.

Major planned mergers include one between the Japan External Trade Organization (Jetro) and the institute of developing economies, both under the jurisdiction of the Ministry of International Trade and Industry.

On the postponement of the final decision on proposed streamlining of publicly funded financial institutions, Mori told reporters he does not regard it as a deferral.

"I don't think a final decision was put off," he said, noting the ruling coalition agreed to announce all they could do by early Saturday.

#### **Igarashi: 'Debate on Reform Will Not Drag On'**

*OW0902053495 Tokyo KYODO in English 0400 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—The government intends to finalize Friday a plan to reorganize or abolish publicly funded companies as part of efforts to cut red tape, a government spokesman said Thursday [9 February].

Chief Cabinet Secretary Kozo Igarashi, speaking at a news conference, dismissed speculation that debate on the reform plan will drag on until Saturday.

The government is expected to come up with its final plan Friday after Management and Coordination Agency Chief Tsuruo Yamaguchi negotiates with cabinet ministers concerned.

Prime Minister Tomiichi Murayama has placed the highest priority on administrative reform centering on the reorganization or abolition of government corporations.

#### **Debate on Public Corporations Reform Begins**

*OW1002145695 Tokyo KYODO in English 1441 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Leaders of the government and the ruling coalition parties kicked off full-blown debate Friday [10 February] night on proposals for merging publicly funded financial institutions as part of the administrative reform agenda of Prime Minister Tomiichi Murayama.



The powwow came after individual cabinet ministers concerned met the government and ruling party leaders at the premier's official residence to offer each ministry or agency's reform proposals.

Although the ministers presented limited reform plans centering on the realignment or abolition of special public corporations at an earlier session, the question of the proposed merger of financial institutions remains pending.

Finance Minister Masayoshi Takemura offered to the government and ruling party leaders several proposals, including the merger of the Japan Development Bank, and Hokkaido and Tohoku Development Finance Corp.

However, these proposals are unlikely to win an immediate stamp of approval from the ruling coalition parties.

The Liberal Democratic Party (LDP), which dominates the ruling alliance, has demanded the merger of the Japan Development Bank and the Export-Import Bank of Japan, while Takemura's new party Sakigake [Harbinger] wants to reorganize these two, and Hokkaido and Tohoku Development Finance Corp. as one.

The handling of these and other publicly funded financial institutions would dominate the debate at the negotiations among government and ruling party leaders, which started at 10:30 P.M. [1330 GMT]

"We are going into full discussion on the issue of the government-affiliated financial institutions from 10:30," Naoto Kan, a key ruling party policy-maker, told reporters after the tone-setting session.

At the first session, Farm Minister Taichiro Okawara showed a plan to merge the Japan Raw Silk and Sugar Price Stabilization Agency with Livestock Industry Promotion Corp.

Labor Minister Manso Hamamoto said his ministry is ready to push for the merger of the construction, sake brewing industry and Forestry Retirement Allowance Mutual Aid Association, and Smaller Enterprise Retirement Allowance Mutual Aid Corp.

Aside from the issue of the financial institutions, attention is also focused on the question of whether to merge the Japan External Trade Organization (Jetro) and the Institute of Developing Economies, both under the jurisdiction of the Ministry of International Trade and Industry.

Also at stake are a proposed full privatization of KDD, the international telecommunications giant, and abolition of the Japan Worker's Housing Association.

#### **Takemura Negative on Mergers**

*OW1002034595 Tokyo KYODO in English 0316 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Finance Minister Masayoshi Takemura expressed

Friday [10 February] negative views about two proposed mergers between government-affiliated financial institutions to achieve administrative streamlining.

Takemura said at a press conference after a regular cabinet meeting, "I'm opposed to a merger of only the Export-Import Bank of Japan and the Japan Development Bank."

The merger has been suggested by the Liberal Democratic Party (LDP), Takemura said, while a different combination has been proposed by New Party Sakigake [Harbinger]—headed by Takemura, and a partner with the LDP in Japan's ruling coalition—which would bring together the two banks and the Hokkaido and Tohoku Development Corp.

However, Takemura is against even his own party's proposal, despite the government's self-imposed deadline Friday to present specific ideas to rationalize government-financed corporations.

Takemura said that although it is desirable to finalize the government's policy by then, the government has had no chance to discuss thoroughly how to rationalize public financial institutions as a whole, because of the Jan. 17 great Hanshin earthquake.

He pointed to the need for further thorough discussion on comprehensive reform, including that of "zaito" or the government's investment and loan program, which mainly finances projects by public corporations.

"It is regrettable that debate by experts and professionals is lacking," he said.

Takemura said, however, he will present his own blueprint for streamlining government-linked financial institutions later Friday.

"As a whole, we have made considerable progress in reviewing special corporations," he said.

Takemura asked that reform proposals should not be judged simply by the sheer number of corporations reduced but by assessing efforts to diminish operational inefficiencies.

#### **Takemura's Proposal Noted**

*OW1002143595 Tokyo KYODO in English 1409 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Finance Minister Masayoshi Takemura proposed Friday [10 February] that the Japan Development Bank (JDB), and Hokkaido and Tohoku Development Corp. be combined and that three finance corporations for smaller businesses be integrated as part of the streamlining of government-affiliated financial institutions.

After making the proposals, Takemura told a press conference, "I made the proposals as finance minister



and as being reasonable in all senses for this realignment and rationalization of government-backed financial institutions."

The three corporations that Takemura advised be combined are People's Finance Corp., Small Business Finance Corp. and Environmental Sanitation Business Finance Corp.

Ahead of the day's deadline for government ministries and agencies to present specific ideas for rationalizing public corporations, Takemura and other ministers met individually with Tsuruo Yamaguchi, director general of the Management and Coordination Agency, and Kozo Igarashi, chief cabinet secretary, to offer their proposals.

Takemura said he also proposed transferring the government's control of the Amami Islands Promotion and Development Fund to prefectural authorities.

As for the remaining government-financed financial institutions, Takemura proposed setting up an advisory body to the prime minister for "further deep and extensive" scrutiny, he said.

Takemura said it would be advisable to take four months or so to draw conclusions on a second round of streamlining of public financial institutions through comprehensive discussion, including a review of "zaito," the government's investment and loan program, which mainly finances projects undertaken by public corporations.

Asked whether the government intends to decide on its final policy on public corporations by the day's end, Takemura said Friday is the deadline for all ministries and agencies to submit their final proposals.

Takemura also said the government has set its target date for final decision at the end of the current business year March 31.

Regarding a proposed merger by the Liberal Democratic Party (LDP) of the Development Bank and the Export-Import bank of Japan, Takemura said, "I simply cannot accept the merger of only the two" without a thoroughgoing integration of other public financial institutions.

The Finance Ministry cannot agree with the combination of two huge banks of an entirely different nature, Takemura said, partly because of concern about a possible outward image of excessive power.

He said he cannot fully understand the LDP's position because there are still several views within the party.

But he believes the government will finally unite on the matter, he said.

All public corporations other than those to be merged will be subject to internal reform and rationalization, Takemura said.

Also proposed as part of the streamlining of public corporations under the Finance Ministry's jurisdiction was the ending of Japan Tobacco Inc.'s salt monopoly, Takemura said.

Japan Tobacco Inc., established when Japan's Tobacco and salt monopoly was privatized in 1985, currently has sole power to license companies to engage in salt production, and in wholesale and retail business in salt.

Takemura said the idea of ending the monopoly has yet to be coordinated with the salt industry to get its understanding.

Since abolition of the monopoly would deprive 600 workers of their jobs, the government will do its best to secure new places of work for them, Takemura said.

#### **Takemura Cautious on Plan**

*OW1302045095 Tokyo KYODO in English 0353 GMT  
13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—Finance Minister Masayoshi Takemura indicated Monday [13 February] that the government's limited plan to reorganize public corporations was not enough to address the problem of administrative reforms.

Answering questions before the House of Representatives Budget Committee, Takemura said he was not convinced the plan was enough to address the problem.

The three-party coalition under Prime Minister Tomiichi Murayama on Saturday failed to reach agreement on the key issue of restructuring government-backed financial institutions as part of administrative reforms.

Takemura expressed caution, however, over the proposed privatization of the government-backed Japan Development Bank, saying it would cause major repercussions in the banking industry.

#### **Ministers Back Away From Streamlining Talks**

*OW1002075595 Tokyo KYODO in English 0659 GMT  
10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Cabinet ministers backed away from the most reformist positions as a deadline approached Friday [12 February] for trimming their own jurisdictions, especially on merging government-affiliated financial institutions.

Talks were going down to the wire and final resolution looked difficult with opposition flaring in the ministries and even within the three governing coalition parties over proposals to streamline public corporations as part of the administrative reform agenda of Prime Minister Tomiichi Murayama, officials said.

Setting the tone, Finance Minister Masayoshi Takemura backed off from his own party's call to merge three



institutions, acquiescing to the will of bureaucrats in his ministry with a proposal that would keep the Japan Development Bank intact.

Leaders of the Liberal Democratic Party (LDP), which dominates the coalition, met to confirm that they want the Development Bank merged with the Export-Import Bank of Japan, leaving Hokkaido and Tohoku Development Corp. as it is. But cracks appeared in LDP unity as party members differed on the proposal.

Social Democratic Party chief Murayama, Takemura of new party Sakigake [Harbinger], LDP President and Foreign Minister Yohei Kono, and Tsuruo Yamaguchi, the head of the Management and Coordination Agency, agreed in the morning to stick to their self-imposed deadline and reach agreement by the day's end, officials said.

Each minister is to meet separately from 7 P.M. [1000 GMT] with Yamaguchi and Chief Cabinet Secretary Kozo Igarashi for talks on the proposals.

Meeting fellow LDP chieftains, Kono offered full support for whittling down special corporations, which critics charge are money-wasting havens for retired senior bureaucrats, party officials said. But opposition emerged later at a party Executive Council meeting, officials said.

A key figure in the debate, Kiyoshi Mizuno, weighed in during the day against the Finance Ministry's conservative position on merging the financial institutions and at Telecommunications Minister Shun Oide's balking at full privatization of KDD, the international telecom giant.

Mizuno, who heads the coalition's reform project team and the LDP's research commission on public administration and finances, called for cutting by nine the nation's 92 public corporations, including merging ship and rail finance agencies. Transport Minister Shizuka Kamei indicated in the morning he will propose merging the two agencies and selling a major Tokyo subway.

Mizuno also called for merging the Japan External Trade Organization (Jetro) and the government-affiliated Institute of Developing Economies. The Ministry of International Trade and Industry (MITI), which has jurisdiction over those agencies, earlier suggested support for the move while backing off from other ideas.

Takemura said "considerable progress" has been made in trimming public corporations, but asserted that there has not been time for full debate on streamlining financial institutions as a whole or reforming the fiscal investment and loans program that largely funds them.

Among LDP bigwigs backpedaling on their own party's plans for the financial institutions were former MITI chief Yoshiro Mori, former Economic Planning chief Michio Ochi and former Labor Minister Tetsuo Kondo, officials said.

They said it is "strange" to merge the Ex-Im Bank, which is concerned with international finance, with the domestically oriented Japan Development Bank, and said more time is needed for debate, the officials said.

Mizuno reportedly shot back that "there has already been plenty of discussion." And Koichi Kato, chairman of the LDP's Policy Affairs Research Council, said that although more chapters lie ahead in administrative reform, a comprehensive set of proposals must be reached Friday.

While the financial institutions attracted the most attention, each ministry was hitting the home stretch in the fight over its affiliated organizations.

Oide, the minister of posts and telecommunications, told a news conference that some government hold on KDD is needed as the international phone carrier must provide service to unprofitable regions nationwide and has a vital crisis-management function.

Transport Minister Kamei, in addition to proposing the merger of Maritime Credit Corp. and the Railway Development Fund, said he will propose privatizing the Teito Rapid Transit Authority, which runs most of the Tokyo subway system.

Kamei said the subway should be converted to a stock company in four or five years but that selling shares should await line construction expected to take 10 years. He also said the subway should be allowed to continue getting interest-free government financing even after it is privatized.

#### Hashimoto Criticizes Proposal

*OW1102041395 Tokyo KYODO in English 0350 GMT 11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—Ryutaro Hashimoto, minister of international trade and industry, voiced criticism Saturday [11 February] over Finance Minister Masayoshi Takemura's proposal to merge three public financial corporations.

"I cannot agree to the merger. It's bad to bully the weak," the minister told reporters after a meeting of cabinet ministers where reorganization of public corporations was discussed.

Takemura has urged that Small Business Finance Corp., Small Business Credit Insurance Corp. and Shoko Chukin Bank be combined.

Hashimoto said it was "unbelievable" that Takemura has stated the merger of the three corporations must be made before streamlining of Japan Development Bank.

Attention has recently focused on the future of Japan Development Bank, which the Liberal Democratic Party, the largest grouping in the three-party coalition government, wants to be merged with the Export-Import Bank of Japan.



Hashimoto, who is a member of the LDP, said the three corporations are "vital" at a time when the yen is rising against the dollar and companies are shifting operations overseas. He said the three corporations provide low-interest loans in the aftermath of the Kobe earthquake.

Takemura heads New Party Sakigake [Harbinger], the smallest of the three coalition parties.

#### Official Cites Difficulties

*OW1302101195 Tokyo KYODO in English 0805 GMT 13 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 13 KYODO—A senior trade ministry official, commenting on the proposed restructuring of government-backed corporations, said Monday [13 February] it would be difficult to merge three government-backed financial institutions for small businesses.

Tomio Tsutsumi, vice minister at the Ministry of International Trade and Industry (MITI), made the remark during a news conference while commenting on the government's limited plan to reorganize public corporations.

The three-party coalition under Prime Minister Tomiichi Murayama on Saturday failed to reach agreement on the key issue of restructuring government-backed financial institutions.

Tsutsumi said MITI had concluded that it would be difficult to merge the three government-backed financial institutions for small businesses, including Small Business Finance Corp.

As part of reforms, MITI had also proposed mergers between the Japan External Trade Organization (Jetro) and the Institute of Developing Economies, and between New Energy Industrial Technology Development Corp. and Coal Mine Damage Corp.

#### KDD Privatization Opposed

*OW1002034695 Tokyo KYODO in English 0309 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Postal Minister Shun Oide showed a negative response Friday [10 February] to calls for the privatization of international telecommunications giant KDD.

"I think KDD should be retained in its present form because it is required to provide services to unprofitable regions under the KDD law (which regulates the company's operations)," Oide, minister of posts and telecommunications, told a news conference.

The company should be kept as a public entity also for reasons of crisis management, he added.

KDD has come under growing calls for privatization in line with a government plan to reorganize public corporations as part of sweeping administrative reform.

Oide said KDD already is a private company because it is not supported by public funds.

#### Kamei on Positive Note

*OW1002042995 Tokyo KYODO in English 0405 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Merging ship and rail finance agencies and selling a major Tokyo subway are the core of the Transport Ministry's offerings for a government streamlining program, Transport Minister Shizuka Kamei said Friday [10 February].

Kamei indicated at a regular news conference he is proposing to merge Maritime Credit Corp. with the Railway Development Fund and privatize the Teito Rapid Transit Authority.

Each ministry is to offer the government proposals later in the day on streamlining areas under its own jurisdiction as part of the administrative reform agenda on which Prime Minister Tomiichi Murayama has placed a top priority.

Merging the shipbuilding and rail construction finance agencies will "enable efficient management," Kamei said. Privatizing the subway after work on the Namboku and Hanzomon lines is completed will allow it to tap "the original ideas of the private sector," he said.

After four or five years, the government should convert the subway authority into a stock company and offer shares for sale as soon as possible after construction is completed and based on market conditions at the time, he said, declining to be more specific on the timing.

Line construction and extensions are planned to take 10 years.

Kamei said the government should revise laws to allow the subway to continue to receive interest-free financing from the national government even after it is privatized.

Maritime Credit Corp. provides low-interest financing to small-and mid-size shipping companies when they want a ship built, while the Railway Development Fund offers low-interest loans for building Shinkansen bullet train and subway lines.

#### Bureaucrats Doubtful

*OW1102063695 Tokyo KYODO in English 0528 GMT 11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—Japanese bureaucrats expressed doubts Saturday [11 February] over a watered-down plan to reorganize government-backed corporations.

The ruling coalition parties early Saturday failed in their last-ditch attempt to strike a deal on the proposed mergers and abolition of publicly funded financial institutions, postponing a final decision for a few months.



Many bureaucrats, speaking on condition of anonymity, expressed negative views about the effects of the watered-down reform plan, saying they would be negligible or unclear.

A senior official at the Agriculture, Forestry and Fisheries Ministry said the ministry has no plans to review the operations of public corporations under its control.

An official at the Science and Technology Agency said it is unclear if the reform plan would cut expenses at agency-run bodies.

Negotiators of the ruling parties had agreed to abolish only one publicly funded organization—the Social Development Research Institute, which is under the jurisdiction of the Health and Welfare Ministry.

The proposed merger of Japan Development Bank and the Export-Import Bank of Japan was left for future consideration, due to sharp differences between the Liberal Democratic Party and the New Party Sakigake [Harbinger].

An executive with a major Japanese commercial bank expressed serious doubts over the proposal, saying its purpose is unclear.

Some analysts said negotiations on the proposed reorganization of government-backed financial institutions broke down because they did not go into the government's fiscal investments and loans program.

Government-backed financial institutions depend on the program, based on postal savings and public pensions funds, for their operations.

There has been growing criticism that these institutions are taking business away from private banks by offering loans to major corporations.

**Business Leaders on Mixed Views on Reform Bid**  
*OW1102111195 Tokyo KYODO in English 1055 GMT 11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—Japanese business leaders expressed mixed views Saturday [11 February] on a watered-down plan to reorganize government-backed corporations.

The governing coalition parties failed in their eleventh-hour attempt early Saturday to strike a deal on proposed streamlining of publicly funded financial institutions, postponing a final decision for a few months.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), praised the government and the ruling coalition partners for working out the plan in a short period of time.

But Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), said the plan was lacking in specifics and perfunctory.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), doubted whether the program represented real reforms.

He said there were apparently no substantive discussions on the roles of government-backed corporations and other important issues.

**Political Stakes in Corporation Reform Cited**

*OW1302121295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Feb 95 Morning Edition p 2*

[Unattributed article]

[FBIS Translated Text] A gradual change within the Murayama administration has been revealed as the government and ruling parties continued efforts to narrow their differences over streamlining government-run special corporations until the early morning of 11 February. The government-affiliated financial organs' reorganization has been considered a symbolic task of the Murayama government in achieving administrative reform. However, conflict erupted between the Liberal Democratic Party [LDP] and New Party Sakigake [Harbinger], leaving Prime Minister Tomiichi Murayama helpless and severely hurting his image as the political leader. What is worse, behind-the-scene maneuvering has been observed among ruling party kingpins, who are apparently trying to pave the way for "post-Murayama" candidacy. In other words, a change has begun in the fragile tripartite coalition's cooperative system.

So far, it has mainly been the LDP that has been taking care of practical aspects of Murayama's political foundation, such as Diet operations and policy enforcement. Sakigake has been protecting the government's "reformist" image. What concerns the Murayama government most is the political realignment move being made by rebel socialist Sadao Yamahana, who is the leader of the New Democratic League, and his supporters. Since rebels are contemplating uniting with the opposition New Frontier Party, it made the prime minister gripe: "It is other parties that are supporting the Social Democratic Party of Japan [SDPJ]...."

However, the LDP and Sakigake, which have been "supportive" of Murayama, clashed over the streamlining of special corporations. As a result of the SDPJ's wait-and-see attitude, the prime minister found himself in a predicament, realizing all he could do was keep an eye on "the LDP-Sakigake war." He did not even have trouble shooters working for him except Chief Cabinet Secretary Kozo Igarashi and some of his aides.

The trouble started when Ryutaro Hashimoto, international trade and industry minister, opposed the special corporations reform boldly proposed by Masayoshi Takemura, finance minister. This discord between a high-power LDP official and the Sakigake head was settled when they agreed to "defer government-affiliated financial institution reform but to set up an advisory organ instead." Immediately after that, however, Koichi



Kato, LDP Policy Research Council chairman, launched another attack against Takemura.

Although the positions taken by Hashimoto and Kato are entirely different, both are wary of Takemura's move in the forthcoming "post-Murayama" political era. Their criticism of Takemura could be interpreted as a demonstration of "anti-Sakigake sentiment" deeply rooted within the LDP because LDP Vice President Yohei Kono (deputy prime minister and concurrently foreign minister), who is the party coordinator, apparently did nothing to stop it.

On the other hand, Sakigake is concerned that if it fails to break with the LDP, it will soon be "thrown away" and be unable to hold a substantial vote in the administration. Small parties tend to develop this type of crisis sense.

As a matter of fact, a conflict among LDP and Sakigake leaders is nothing but political bargaining to pave the way for the forthcoming political situation, although they stand together under the banner of "administrative reform." As such, this strife may impact on Murayama's political management because his administration deeply depends on support from both the LDP and Sakigake.

#### Coalition's Failure Cited

*OW1102023695 Tokyo KYODO in English 0205 GMT 11 Feb 95*

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—The governing coalition parties failed in their eleventh-hour attempt early Saturday [11 February] to strike a deal on proposed streamlining of publicly funded financial institutions, postponing a final decision for a few months.

The merger of some government-affiliated finance companies has of late grabbed the spotlight as a symbol of Prime Minister Tomiichi Murayama's administrative reform agenda, stalled by the bureaucracy's objection.

But the three ruling coalition parties could not solve their differences over which financial institutions should be merged despite hours of wrangling among party leaders that continued past the deadline of Friday into the early hours of Saturday, officials said.

The coalition leaders eventually agreed to try to resolve the differences before the end of the current regular Diet session in mid-June, the officials said.

"We agreed that the ruling parties will continue discussing the issue of government-affiliated financial institutions and draw a conclusion during the current Diet session," Nobuyuki Sekiyama, chairman of Murayama's Social Democratic Party (SDP) [of Japan—SDPJ] Policy Board, said at a news conference.

Despite the setback in their drive to merge some public financiers, the government did decide to cut by 11 to 81 the number of government-backed companies, Sekiyama and other officials said.

The government is likely to approve the plan to trim special public corporations, except some financial institutions, at a cabinet meeting next Friday and carve out an action program within fiscal 1995, ending March 31, to be carried out over three to five years beginning in fiscal 1996, officials said.

At the talks that began Friday night after the day's Diet session, the ruling parties agreed to abolish the Social Development Research Institute, which is under the jurisdiction of the Health and Welfare Ministry.

Other major planned mergers include one between the Japan External Trade Organization (JETRO) and the Institute of Developing Economies, both under the jurisdiction of the Ministry of International Trade and Industry, and two Transport Ministry bodies, Maritime Credit Corp. and the Railway Development Fund.

Also considered for merger is the Japan Raw Silk and Sugar Price Stabilization Agency and Livestock Industry Promotion Corp., both under the Agriculture, Forestry and Fisheries Ministry.

The ruling parties failed to see eye to eye on proposals to merge government-backed financial institutions, with the Liberal Democratic Party (LDP), the dominant grouping in the three-party coalition, and Finance Minister Masayoshi Takemura colliding head-on.

While the LDP sought to merge Japan Development Bank and the Export-Import Bank of Japan, Takemura, who heads the smallest of the three coalition partners, New Party Sakigake [Harbinger], apparently sided with bureaucrats in the Finance Ministry that runs the two banks to reject the proposal.

Takemura instead urged the merger of the Development Bank with Hokkaido and Tohoku Development Finance Corp., and also proposed an advisory panel to the premier be set up to review the government's loans and investment system, which is based on postal savings and other public funds, for three to four months.

With no early compromise in sight, the ruling parties decided to continue the talks and reach an accord by the end of the current Diet sitting June 18.

They agreed not to create the proposed advisory panel to Murayama, who has vowed to whittle down the bureaucracy through the abolition or reorganization of special public corporations.

Murayama apparently failed to exert a strong sense of leadership in pushing for administrative reform.

The SDP's Sekiyama told reporters the failure to bridge the gap on the handling of Japan Development Bank and



the Export-Import Bank of Japan stemmed from a lack of time and full debate within the governing alliance.

Asked about the poorer-than-anticipated result, Sekiyama countered that administrative reform efforts by the Murayama cabinet do not concentrate only on the abolition or realignment of government-financed companies but also on deregulation and full-scale rationalization of government.

"The question of special public corporations is not the only issue here," he said.

Chief Cabinet Secretary Kozo Igarashi said, "We want to review the entire situation and devise a substantial program once we decide to tackle the issue. We should not draw a decision too hastily."

#### **Kaifu on Failed Reform Bid**

*OW1102134795 Tokyo KYODO in English 1236 GMT 11 Feb 95*

[FBIS Transcribed Text] Kyoto, Feb. 11 KYODO—Toshiki Kaifu, head of the largest opposition party Shinshinto (New Frontier Party), said Saturday [11 February] the government of Prime Minister Tomiichi Murayama bears "grave" responsibility for its limited drive to streamline public corporations.

If the government's administrative reform drive is limited only to measures agreed in the early morning among the three ruling parties, it means Murayama will "break his pledge" to the Diet that he will promote reform, Kaifu said.

The opposition leader, who is a former prime minister, said that Murayama lacks the powerful leadership needed to promote administrative reform.

Kaifu, however, declined to comment on whether or not his party will submit a no-confidence motion to the House of Representatives against Murayama's cabinet for what Kaifu calls as a limited drive for the reform of government-run corporations.

Takeo Nishioka, coordination minister under Shinshinto's shadow cabinet, said the coalition has left the key issue of consolidating special financial institutions unresolved and has "ended up toying with numbers in other areas in an attempt to dress up the outcome."

Murayama, who heads the coalition partner Social Democratic Party, and other leaders of the ruling alliance postponed a final decision on the reform of government corporations early Saturday after failing to iron out differences over the merger of some financial institutions.

Shinshinto has revealed its own administrative reform plan, including the abolishment and merger of 33 public corporations. The idea also includes a reduction of ministries and agencies to 15 from the current 20.

Shinshinto plans to draw up a bill at an early stage on the idea and propose it to the Diet, party officials said.

#### **NFP Criticizes Coalition**

*OW1102070595 Tokyo KYODO in English 0627 GMT 11 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 11 KYODO—The largest opposition party Shinshinto (New Frontier Party) [NFP] lashed out at the ruling coalition Saturday [11 February] for failing to map out a plan to streamline government-run corporations as part of pledged administrative reform.

The tripartite governing coalition has left unresolved the key issue of consolidating special financial institutions and "ended up in toying with numbers in other areas in an attempt to dress up the outcome," a senior Shinshinto official said.

The coalition's stance toward administrative reform "lacks in philosophy" and the latest reform outline "betrays the people's expectations," said Takeo Nishioka, coordination minister under Shinshinto's British-style "shadow cabinet."

"If nothing is done further, (the coalition) obviously reneges on its reform promise," Nishioka said.

Prime Minister Tomiichi Murayama, who heads the coalition partner Social Democratic Party [of Japan], and other leaders of the ruling alliance postponed a final decision on reform of government companies early Saturday after failing to iron out differences over the merger of some financial institutions.

#### **Efforts on Public Corporations Reform Reviewed**

*OW1102104495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Feb 95 Morning Edition p 1*

[Unattributed article: "Final Coordination of Opinions Is Under Way Regarding Integrating Government-Invested Financial Institutions"]

[FBIS Translated Text] The Murayama government has characterized the streamlining of special public corporations as the centerpiece of administrative reform. The government and ruling parties held a meeting on the evening of 10 February to coordinate opinions on how to do the streamlining; cabinet ministers and officials in charge of streamlining from the ruling parties attended. In reference to integrating government-invested financial institutions, which has become a focus of contention, Finance Minister Takemura made a three-point proposal: 1) merge the Japan Development Bank and Hokkaido-Tohoku Development Corporation; 2) merge the People's Finance, the Small Business Finance, and the Environmental Sanitation Business Financing Corporations and, 3) transfer the management of the Amami Gunto Promotion Development Credit Fund from the central government to the Kagoshima prefectural government. The finance minister also proposed that a



private advisory body to Prime Minister Murayama be established with the mandate of studying ways to integrate or streamline the rest of the government-invested financial institutions and drawing a conclusion in "about four months."

In response, the ruling Liberal Democratic Party [LDP] proposed that the Japan Export and Import Bank, the Japan Development Bank, and the Hokkaido-Tohoku Development Corporation be integrated, showing wide differences with the finance minister. These differences caused the meeting to drag on until the early dawn of 11 February.

The meeting began a little past 1900 [1000 GMT] on 10 February at the prime minister's official residence. Kozo Igarashi, chief cabinet secretary, and Yamaguchi, Management and Coordination Agency director general, consulted with officials from the ruling parties and the finance minister consulted with nine other cabinet ministers. At the end of their consultations, they decided to merge 10 special public corporations, including the Japan Raw Silk and Sugar Price Stabilization Agency under the Agriculture, Forestry, and Fisheries Ministry; and the Maritime Credit Corporation and Japan Railway Construction Public Corporation under the Transport Ministry, to privatize two special public corporations and disband one. They also decided to initiate the process of shifting the Honshu-Shikoku Bridge Authority to a special company.

Nonetheless, the Finance Ministry and the LDP showed wide differences over integrating government-invested financial institutions. At a meeting of its General Council on the evening of 10 February, the LDP decided to leave the issue to the party leadership, but the finance minister reacted against the LDP's decision. For this reason, the government and ruling parties held another meeting of cabinet ministers and officials from the ruling parties at midnight on 11 February to coordinate opinions about integrating government-invested financial institutions while holding a top-level meeting of ruling parties. A compromise proposal surfaced within the ruling parties in which the Japan Export and Import Bank, the Japan Development Bank, and the Hokkaido-Tohoku Development Corporation would be integrated, with the Japan Export and Import Bank retaining credit guarantee work. The Finance Ministry's proposal, which was formulated on the basis of a Sakigake [Harbinger Party] proposal, called for integrating the People's Finance, the Small Business Finance, and the Environmental Sanitation Business Financing Corporations into a single special public corporation. However, the proposal faced an outburst of opposition from the International Trade and Industry and the Health and Welfare Ministries because it called for the integration of special public corporations under two ministries' jurisdiction. Hashimoto, minister of international trade and industry, strongly reacted against the Finance Ministry's proposal because it called for merging the Small Business Finance Corporation with other government-invested financial

institutions. The International Trade and Industry Ministry is having second thoughts about an internal proposal to integrate the "New Energy Development Organization and the Coal Mine Damage Corporation."

### **Government's Crisis Management System Discussed**

OW1202132095

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2320 GMT on 11 February, during its "News 2001" program, carries a live, 25-minute discussion on the government's crisis management ability. Taking part in the discussion are Yuzo Ichikawa, chairman of the New Frontier Party Policy Research Council; Taku Yamasaki, former Defense Agency director general and chairman of the Liberal Democratic Party Diet Affairs Committee; and Kenichi Takemura, a political commentator; announcers Yuji Kuroiwa and Megumi Sekito moderate.

The discussion begins with Kuroiwa asking Ichikawa what he thinks of the government's response to the recent Kobe earthquake. Reviewing how the government initially reacted to the quake on the morning of 17 January, Ichikawa notes that the response was inadequate and slow and criticizes Prime Minister Tomiichi Murayama for failing to exercise leadership in the disaster. He says: "The prime minister only waited for information to be brought to him. With such an attitude, you can hardly cope with crises under any system." Asked whether the Murayama administration should take responsibility for its poor response, Ichikawa replies: "It should because its initial response was totally inadequate." He adds: "I think the prime minister should resign from a sense of responsibility."

Asked the same question, Yamasaki admits that there are some problems with the government's crisis management system, regrets the government's and Self-Defense Forces' (SDF) slow response, and notes a need to improve the system. However, he defends Murayama, saying: "He has a strong sense of responsibility. I believe he is the most suitable person for dealing with such a disaster." Asked whether he agrees to the opinion that it is necessary to review the SDF Law to improve the crisis management system, Yamasaki refrains from giving a direct answer only noting the need to fully discuss the matter. Ichikawa opines the SDF will be used effectively in disasters even under the present law and notes only that there has not been much debate on how the SDF should be used in disasters. Ichikawa says: "After thorough discussions, we should decide whether to revise the law."

In answering a question about what he thinks of the argument that the government should set up a disaster relief organization separate from the SDF, Yamasaki says he is basically against the opinion. Stressing the SDF is useful in disaster relief operations if used effectively, Yamasaki says: "I am worried if another relief



organization is established, the people may think only that organization is useful in disasters and the SDF is not." Takemura notes the public has now recognized the SDF's importance in disasters following the Kobe earthquake. Ichikawa says he agrees with the idea of establishing a disaster relief body only if it is set up inside the SDF and is given special training for relief operations.

Kuroiwa mentions Ichikawa has called for enacting new legislation for disasters, and asks Ichikawa whether he plans to submit such a bill to the current Diet session. Ichikawa says: "Naturally, this issue has to do with the question of whether or not to revise the SDF Law. We have to be careful in dealing with the issue to avert the popular misunderstanding that we are trying to enact legislation designed to cope with such emergencies as war by taking advantage of the distraction created by the quake." He stresses the current law on disasters, enacted in 1961, is useless in major disasters, such as the recent Kobe quake, and calls for abolishing or revising it.

Kuroiwa closes the discussion with the hope that substantive arguments on crisis management will take place during the current Diet session.

### **Tokyo's Plutonium Recycling Policy Defended**

*OW1102093795 Tokyo YOMIURI SHIMBUN in Japanese 9 Feb 95 Morning Edition p 3*

[Editorial: "Further International Understanding on Use of Plutonium Needed"]

[FBIS Translated Text] Electric power generation by nuclear energy creates radioactive waste. To dispose of radioactive waste, there are alternative ways: either store it or reprocess it for recycling.

The United States has chosen the former, and Japan has chosen the latter. However, while the United States faces problems in deciding where to store the waste, Japan is displeased with the international community's lack of understanding of its nuclear policy.

The Atomic Energy Commission plans to proceed with a plan to recycle plutonium, arguing that it will serve as an essential energy resource for mankind in the future. However, some countries are suspicious that Japan's use of plutonium might lead to nuclear proliferation.

In a bid to gain international understanding of the issue, the Science and Technology Agency [STA] held a two-day roundtable conference in Kyoto starting 6 February, with 40 specialists from 14 nations and the International Atomic Energy Agency participating.

The participants included experts not only from Western developed nations but also from Asian countries, as well as Japanese and foreign critics of Japan's plutonium policy.

Through active discussions in the conference, participants came to better understand why fuel containing plutonium is used for nuclear power generation. It is not

clear, however, if that will translate into better understanding by the policy makers and people of their countries. Even in Japan, the mass media appear skeptical about the plutonium utilization project.

However useful plutonium may be, it will not come into wide use if society does not accept the idea. The two-day conference offered an occasion to consider ways to deepen public understanding of the issue.

It is commonly believed around the world that nuclear weapons are most easily made from plutonium, and it is true that a huge amount of plutonium is left after dismantling nuclear arms. There have been reports of illegal exports of nuclear material, and it must be prevented.

The view has been expressed in the United States that "Japan should stop reprocessing radioactive waste for the time being and use Russian plutonium instead." If Japan acquires plutonium produced for weapons, it would mean that Japan would also acquire knowledge of how to produce nuclear weapons. We are staunchly opposed to this. Countries that produce such plutonium should be responsible for disposing of it. If they are incapable of doing so on their own, they should readily accept international assistance.

It is also important for Japan to demonstrate that it has no intention of putting plutonium to military use. After releasing data on Japan's stock of plutonium, STA Director-General Tanaka received a letter from U.S. Energy Secretary Hazel O'Leary saying that the United States "appreciates" the announcement. We wonder if there might be other concrete ways to guarantee transparency in the use of plutonium in this country.

Specialists say that safety measures enforced in the transport of plutonium have proven to be adequate. However, a considerable number of people remain unconvinced, despite the fact that the nuclear powers have transported plutonium tens of thousand of times. The release of related data would go far in boosting credibility in this regard, and it is something we strongly urge.

In the future, other Asian nations might make use of plutonium, and Japan cannot say "they should not do so." Japan must be prepared to offer assistance if such a situation should transpire.

In the thermal use of plutonium, a short-sighted approach may foil long-range planning. It is often said in the United States that "Japan need not rush" in efforts to recycle plutonium. Japan must strive harder to win over those who hold that view.

### **Companies Face Tougher Environment Standards**

*OW1302111195 Tokyo SHUKAN DAIYAMONDO in Japanese 4 Feb 95 pp 41-44*

[Article by Masashi Oguri: "A Giant Wave of 'Environmental Management and Inspection' is Threatening Japanese Companies"]



[FBIS Translated Text]

**Report: A Repeat of The Failure to Obtain ISO 9000 Certification?**

"Standards for the [care of the] environment are being formulated at a steady pace. A lot of Japanese businesses, however, are complacent, saying, 'we will get to that issue after the regulations have been made.' All that achieves, though, is to postpone an inevitable problem. It will be too late for them to start screaming once everything is set.

"Even if you do not intend to be certified under the standards, it would be wise to start making preparations. Without them, Japanese products will be shut out of the U.S. and European markets. It is very likely that by the time you realize what is happening, things will already be at the point of complete collapse."

These are the views of managing director Tetsuro Fukushima of JACO (Japan Audit and Certification Organization for the Environment) which was established by 10 major electronics firms led by Hitachi, Ltd. He does not conceal his irritation at the way Japanese industry drags its feet.

Currently, efforts are being made to formulate standards for a system to govern and define the role and responsibility of private enterprise in working to enhance environmental preservation. These international standards for the care and preservation of the environment are being formulated under the auspices of the same ISO (International Organization for Standardization) that set the quality assurance standards, the ISO 9000 Series. The new standards are the ISO 14000 series.

The ISO 9000 quality assurance standards and the ISO 14000 environmental management standards are similar in that both are standards for management systems. They share identical fundamentals. So will it be enough to simply adhere to the ISO 9000 regulations? No, it is not quite that simple.

Fukushima continues: "It is likely the ISO 14000 will, in addition to being a management system, contain provisions governing performance, inspection of public statements, site assessment, labels, life cycle assessment, assessment at time of closure, and even safety and health conditions for laborers. We must prepare ourselves for something that appears similar, but is fundamentally quite different."

Another point the two quality assurance standards are likely to have in common is that although they will not be mandatory, but left to the discretion of individual firms, ultimately, there will be no viable alternative.

The ISO 9000 is now a prerequisite to conducting commercial transactions with European and North American countries. "If you want to do business, get certified," they say.

Proof of this can be found in the fact that the number of items in Japan certified as meeting the ISO 9000 standards, which was approximately 240 as of April 1993, skyrocketed to approximately 1600 by the end of 1994.

However, there were 30,000 cases certified as meeting the ISO 9000 standards in England, more than 5,000 in Italy, and approximately 4,000 in the United States, in each instance a marked lead over the number in Japan. In the area of environmental preservation, numerous firms in Europe and the United States are already taking an active stance in their approach to this issue, further underscoring the fact that Japanese firms have a markedly different perception of the issue.

Upon the establishment of the ISO 14000 (projected for sometime after January 1996), it is quite likely it will become a "prerequisite" in the same way as the ISO 9000 series, if not even more binding.

In Japan's industrial communities, however, the general attitude is still one of wait-and-see: "Yes, we are of course interested, but first we need to determine what will be the value of certification under the ISO 14000." (Japan Automobile Manufacturers Association)

**Environmental Conservation Efforts: Integral to Business Strategy**

Of course, it costs money to prepare for certification under the ISO 14000. Costs vary according to the circumstances of each firm.

According to Yoji Maruyama, certified public accountant at Century Audit Corporation: "Summing up the costs of setting up the system, e.g., establishing policy statements, manuals, goals, purposes, programs, etc., the costs of creating a specialized body and training personnel, and costs of some of the hardware, such as environmental monitoring equipment, it is said that the initial set-up costs would be in the range of hundreds of millions of yen."

Another estimate of cost is 0.5 to 0.6 percent of total sales.

In terms of environmental conservation performance (meeting environmental standards), such as in toxic substance emissions, Japanese firms rate the highest marks in the world.

The reality however, according to Seiichi Kubota, section chief at Keidanren's [Federation of Economic Organizations of Japan] Global Environment Office, is that: "When it comes to the question of whether efforts on environmental issues are integrated into the business operation system, the answer is, no, not sufficiently."

It will become necessary, therefore, to bear the costs and, at the same time, make changes in common exceptions.

In Europe, preceding the formulation of ISO standards, an environmental management system standard called the BS7750 was implemented in Britain in March 1992.



The European Union as a whole has also adopted the EC [European Community] Environmental Management and Audit Scheme regulation (EMAS) which is rooted in BS7750. It will come into force in April 1995.

It is not known how firms will deal with the EMAS after April, because EMAS is an EC regulation as opposed to a merely voluntary standard.

JACO's Fukushima says: "If European firms become certified, the local production bases of Japanese firms will have no alternative but to obtain certification in order to compete."

The ISO 14000, the EMAS, and the BS7750: There will be serious problems ahead unless we begin to prepare ourselves now.

#### **New Fiber-Optic Transmission Devices Introduced** *OW1002053095 Tokyo KYODO in English 0449 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Toshiba Corp. said Friday [10 February] it has begun marketing three new models for its fiber-optic transmission module lineup.

The lineup has been enhanced with plastic fiber-using models that achieve a data transfer rate of 125 megabits per second over a maximum distance of about 20 meters, five times faster than the company's former models, Toshiba said in a press statement.

The three new models comprise of the "TOED123" one-way transmitter module, the "TORX123" receiver module and the "TODX2203" two-way module, it said.

They are priced at 2,500 yen, 4,000 yen and 9,000 yen, respectively, with mass production scheduled to start in April at a total production level of 10,000 units a month.

The modules will be used for data transmission between office automation (OA) equipment, audiovisual systems and others where the amount of data handled is increasing, Toshiba said.

### **North Korea**

#### **Delegates Return From U.S. Reactor Negotiations**

*SK1102135995 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 11 Feb 95*

[FBIS Translated Text] The DPRK delegation led by Kim Chong-u, vice chairman of the External Economic Committee, which participated in the second round of negotiations between the DPRK and the United States for furnishing light-water reactors, held according to the DPRK-U.S. agreed framework, returned home by plane on 11 February.

Vice Foreign Minister Choe U-chin greeted the delegation at the airport.

#### **KCNA Reports Return of Delegates**

*SK1102151195 Pyongyang KCNA in English 1503 GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—The delegation of the Democratic People's Republic of Korea headed by Kim Chong-u, vice-chairman of the state External Economic Affairs Commission, returned home today after participating in the second-round DPRK-U.S. talks on the provision of light-water reactor power plants according to the framework agreement between the two countries.

It was met at the airport by Choe U-chin, vice-minister of foreign affairs.

#### **U.S., ROK Hold 'War' Exercises 9, 10 Feb**

*SK1202110595 Pyongyang KCNA in English 1052 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—The U.S. imperialists and the South Korean puppets on February 9 and 10 staged an aerial war exercise against the North in the sky above Anmyon islet, Yongwol, Pyongchang and Tanyang areas of South Korea with the mobilization of more than 750 war planes of different types, according to military sources.

On Friday a tank group of the South Korean puppet army staged a night attack exercise for a breakthrough on the Military Demarcation Line [MDL] in Chorwon County, South Korean Kangwon Province, in coordination with a mechanized infantry unit, and a 105 mm artillery group of the puppet army fired 100 odd shells at areas adjacent to the Demilitarized Zone [DMZ] of the MDL in the areas of Yonchon County, Kyonggi Province, and Chorwon County, South Korean Kangwon Province.

That day, armed bandits of the puppet army fired over 1,300 machinegun and automatic rifle bullets in the areas of Chorwon County, South Korean Kangwon Province, and Yonchon County, Kyonggi Province, and an RC-135 strategic reconnaissance plane and a U-2 high-altitude strategic reconnaissance plane committed aerial espionage on the areas of the North side.

On the same day the South Korean puppets brought hundreds of puppet army bandits armed with machine guns and automatic rifles and above 20 military vehicles fully loaded with war equipment into different places of the DMZ in the eastern, central and western sectors of the front to perpetrate military provocations against the North.

The South Korean puppets illegally brought into the DMZ 3,100 or more armed bandits and over 1,000 military vehicles in the first ten days of February.

The U.S. imperialist warmaniacs and the South Korean puppets must ponder over the consequences to be entailed by their aggressive war provocations and act with discretion.



**Papers Denounce ROK Defense Minister's Remarks***SK1102052395 Pyongyang KCNA in English 0504 GMT 11 Feb 95*

["Papers on S. Korean Puppets' Racket of North-South Confrontation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—NODONG SINMUN and MINJU CHOSON today comment on the recent interview of the South Korean "Defence Minister," Yi Yang-ho, with the newspaper SEOUL SINMUN. In the interview, he alleged that the conventional Armed Forces of the North are a threat and are likely to provoke the South any moment.

NODONG SINMUN brands this as a far-fetched calumny of provocateurs and a piteous scream of criminals.

The news analyst says:

As recognised by the people around the world, South Korea is a forward nuclear base with more than 1,000 nuclear weapons, the largest in the far East. Apache attack helicopters, Patriot missiles and other sophisticated means of war and mass-destruction weapons have been massively introduced into South Korea.

It is the South Korean puppets who have driven the situation to the brink of war by ceaselessly staging military maneuvers with outside forces, including the Team Spirit, a test nuclear war against the North. It is also the bellicose traitorous group of Kim Yong-sam who worked out a war program against the North and opened it to the public without hesitation.

Lurking behind the sophism of the South Korean puppets inciting confrontation is the sinister criminal aim of creating distrust between the North and the South at any cost, diverting elsewhere the tendency of public opinion toward reunification and stepping up the policy of fascism and war.

The sophism is also a product of the sinister intention to hinder a smooth implementation of the framework agreement between the DPRK and the United States by rendering the situation on the Korean peninsula strained.

A MINJU CHOSON analyst warns that if the South Korean warmaniacs persistently seek confrontation and war between the countrymen, they will meet with bitterer condemnation and rejection at home and abroad.

**Public Organizations Send Letters to ROK Groups***SK1102110595 Pyongyang KCNA in English 1024 GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—Public organisations of the Democratic People's Republic of Korea on Feb. 9 and 10 sent letters to

South Korean organisations concerning the joint meeting of the political parties and organisations of the DPRK on Jan. 24.

Chong Tu-hwan, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland sent letters to Paek Ki-wan, director of the Unification Study Center; Kim Kun-tae, co-representative of the National Council for the Democracy in the Era of Unification; Yi Chang-pok, Kim Sang-kun and Pak Sun-kyong, co-permanent chairmen of the National Council for Independence and Peaceful Unification; So Kyong-sun, permanent chairman of the Council of Family Movement for Realizing Democracy; and Choe Chong-hyon, chairman of the "National Federation of Organisations of Businessmen".

Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, sent a letter to Pak Chong-kun, chairman of the South Korean General Federation of Trade Unions; and Choe Song-suk, chairperson of the Central Committee of the Union of Agricultural Working People of Korea; to Kang Chun-song, chairman of the "National Council of Peasants' Organisations."

Yu Mi-yong, chairperson of the Central Guidance Committee of the Korean Chondoist Association, sent letters to esquire Kim Chae-chung, ordinary of the central headquarters of Chondoism, and An Ho-sang, leader of Tangundaejonggyo; Pak Tae-ho, chairman of the Central Committee of the Korean Buddhist Federation; to Song Wol-chu, chairman of the Buddhists Council for the Promotion of the Peaceful Unification of the Country; Yi Chon-min, general secretary of the Central Committee of the Korean Christian Federation; to Kang Mun-kyu, general secretary of the "National Federation of Christian Youth Associations"; Nam Sun-hui, chairperson of the Central Committee of the Trade Union of Educational and Cultural Workers of Korea; to Kim Chin-kyon and Chang Im-won, co-chairmen of the "National Council of Professors for Democracy"; and Pak Myong-ok, vice-chairperson of the measure committee for demanding compensation to the "comfort women for the army" and victims of the Pacific War; to Yi Hyo-chae, Yun Chong-ok and Kim Hui-won, co-representatives of the South Korean measure council on the issue of volunteer corps.

The letters unanimously noted that the recent joint meeting of the political parties and organisations of the DPRK called for jointly celebrating the 50th anniversary of national liberation on August 15 and convening a grand national conference on that occasion to discuss and confirm the nation's common way of national reunification. They courteously proposed to have contacts between representatives of organisations in the North and the South at Panmunjom or other convenient places at an early date to discuss matters for their realization.



**Questionnaire Published for 'Traitor Kim Yong-sam'**

*SK1302102495 Pyongyang KCNA in English 1012  
GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—The Measure Committee for the Abolition of the "National Security Law" of South Korea on Sunday [12 February] published a five-point open questionnaire to the traitor Kim Yong-sam as regards his group's harsh suppression of the righteous activities of the South Korean students and people for independence, democracy and reunification and its anti-national hostile acts against the DPRK on the strength of the "National Security Law" and urged him to give understandable answers to it.

The questions are "Why do you utter inconsistent words about the 'National Security Law'?", "Is the 'National Security Law' compatible with the advertisement of 'democratic politics'?", "Isn't the 'National Security Law' a tool for the maintenance of one-man, one-party power?" "Isn't it the height of impudence to call for 'inter-Korean cooperation and exchange' while keeping the 'National Security Law'?" and "Where would you get the face to talk about inter-Korean dialogue while keeping the 'National Security Law'?"

The open questionnaire says Kim Yong-sam, once styling himself the "standard-bearer of democratisation" in an opposition party, declared that he, a "victim" of the "National Security Law," could never tolerate the evil law, but now he says that he "cannot give a touch to it at the present juncture". It demands an explanation of the reason.

When the "National Security Law" is incompatible with the "democratic politics" advertised by the traitor Kim Yong-sam, he must answer the question where is democratic politics in South Korea and since he has used this evil law as "a cure-all" after taking office, he must admit that the law is no more than an inhumane and anti-ethical tool for maintaining his one-man power, demands the questionnaire.

Recalling that the "civilian" fascist group has totally blocked cooperation and exchange between the North and South with the "National Security Law," the questionnaire says that it is self-contradictory to call for "dialogue between the authorities of the North and South" while defining the DPRK, a dignified independent and sovereign state, as an "anti-state organisation".

**Enlarged Meeting of Secretariat of Cilreco Held**

*SK1202093795 Pyongyang KCNA in English 0812  
GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—An enlarged meeting of the Secretariat of the International Liaison Committee for Reunification and Peace in Korea (Cilreco) was held in Paris on February 5.

Present there were the honorary chairmen, the vice-chairmen, the secretary general of the Cilreco, delegates of the French Communist Party and the Workers' Party of Turkey and members of the leading body of the Cilreco and public figures of France.

The entire participants in the meeting paid a moment's silent tribute to the memory of the great leader President Kim Il-song at the proposal of former Portuguese President Francisco da Costa Gomes who is honorary chairman of the Cilreco.

Francisco da Costa Gomes in his opening address said that the immortal feats performed by respected President Kim Il-song in his whole life for the independence and sovereignty of Korea and the happiness of the people will shine forever and the president's cause of reunification will surely be realized under the outstanding leadership of His Excellency Marshal Kim Chong-il.

The meeting discussed the first item on the agenda "on the review of international solidarity activities supporting the independent and peaceful reunification of Korea and tasks for 1995" and the second item "on the 1995 action program of Cilreco".

Guy Dupre, secretary general of the Cilreco, made a report at the meeting, which was followed by speeches.

A letter to the great leader Comrade Kim Chong-il was adopted at the meeting.

The meeting proclaimed 1995 "a year of international solidarity for achieving the reunification of Korea in the 1990s" and adopted an appeal to the governments, political parties, parliaments and organisations of all countries and international organisations and the 1995 action program of the Cilreco.

The action program envisages seminars, lectures and meetings on the validity and feasibility of the proposal for reunification through confederacy and the 10-point programme of the great unity of the whole nation, extensive functions of "the month of support to the proposal for founding the Democratic Confederal Republic of Koryo" in all countries from October 1 to 31, 1995, and solidarity measures for supporting all the dialogues and reunification efforts of the Korean nation to found a confederal state.

In order to remove the obstacles to the reunification of Korea, the program notes, the committee will demand a change in the stand of the South Korean authorities toward the reunification question, actively support the South Korean people's struggle for the independent reunification of the country and demand the abolition of the "National Security Law" and the demolition of the concrete wall in South Korea.

The action program says that in 1995 the Cilreco will launch activities for building up public opinion for the implementation of the DPRK-U.S. agreed framework,



frequently inform the international public of the practical implementation of the framework by its signatories and take steps to guide the peaceloving forces of the world to decidedly reject all the attempts to frustrate the implementation of the framework.

It says that the Cilreco, together with the progressive forces supporting the cause of the Korean people, will call for a final solution to the nuclear issue on the Korean peninsula and the withdrawal of the U.S. nuclear weapons from South Korea, vailing itself of occasions and possibilities, bar the U.S. and its allied forces from committing military exercises and provocations against the DPRK, demand the replacement of the Korean Armistice Agreement with a peace agreement and demand the withdrawal of the U.S. Forces from South Korea.

The Cilreco, the program says, will take appropriate measures to expand and intensify the international solidarity movement for supporting the reunification of Korea.

#### **Report Issued at Meeting 5 Feb**

*SK1302103195 Pyongyang KCNA in English 1022 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace in Korea (CILRECO), made a report at an enlarged meeting of its secretariat in Paris on February 5.

In his report he elaborated on the issue of implementation of the DPRK-U.S. agreed framework, prospect of Korea's reunification in the 1990s, review of the activities of 1994 international solidarity for the independent and peaceful reunification of Korea and tasks for 1995.

He said:

The adoption and publication of the DPRK-U.S. agreed framework on October 21 last year was an event of momentous significance in establishing a lasting peace on the Korean peninsula and opened a vista to resolve the question of Korea's reunification at an early date.

The honest and complete implementation of the agreed framework is of weighty significance in realizing the reunification of Korea in the 90s.

The victory of the cause of Korea's reunification is surely guaranteed as there are outstanding policies including the proposal for reunification through confederacy advanced by respected President Kim Il-song and his excellency Marshal Kim Chong-il is leading the Korean people.

The CILRECO will launch this year's solidarity campaign with the optimism and conviction that it is possible to realize the reunification of Korea in the 90s by means of confederacy through the application of the three principles of independence, peaceful reunification

and great national unity and the Ten-Point Program of the Great Unity of the Whole Nation.

He proposed to proclaim 1995 in which fall the 50th anniversaries of the liberation of Korea and the foundation of the Workers' Party of Korea and the 15th anniversary of the announcement of the proposal for founding the Democratic Confederal Republic of Koryo (DCRK) a "year of international solidarity for the reunification of Korea in the 90s".

What is important in the solidarity campaign this year is to conduct activities for public opinion and solidarity campaign to help understand that the reunification of Korea is a just cause which should be achieved without fail and it can be realised at the earliest possible date if the three principles of independence, peaceful reunification and great national unity are maintained and the 10-Point Program of the Great Unity of the Whole Nation and the DCRK founding proposal are translated into practice, he said. Adding:

What is important in this year's solidarity campaign is also to conduct activities to build public opinion demanding the implementation of the DPRK-U.S. agreed framework, frequently inform the world community of its substantial implementation by its signatories and take measures for the world peaceloving forces to decisively reject every attempt to spoil the implementation of the agreed framework.

It is also imperative to conduct activities to create an atmosphere for reunification through confederacy by realizing the great unity of the Korean nation in the North, the South and overseas and dialogue for reunification.

He expressed the belief that the CILRECO would certainly carry through its slogan "Korea is one!" in the 90s by advancing in step with the vigorous struggle of the Korean people to achieve the reunification of the country.

#### **World Urged To Join Campaign**

*SK1302063295 Pyongyang KCNA in English 0522 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—The enlarged meeting of the Secretariat of the International Liaison Committee for Reunification and Peace in Korea (Cilreco) appealed to the governments, political parties, parliaments, organisations of all countries and international organisations to actively join in the solidarity campaign for the reunification of Korea in the 90s.

The appeal adopted at the meeting in Paris on February 5 said that the meeting decided to proclaim 1995 a "year of international solidarity to achieve reunification of Korea in the 1990s" in order to further intensify the campaign for solidarity with the Korean people.



It said that the meeting highly estimated the DPRK-U.S. agreed framework which was adopted and made public in Geneva on October 21, 1994 and urged its sincere and complete implementation.

It hoped that for the peace, security and denuclearization of the Korean peninsula, the United States would stop interfering in the internal affairs of the Korean nation and normalize relations with the Democratic People's Republic of Korea at an early date.

It urged the United States to promote dialogue for reunification through confederacy and help toward stopping the suppression of the patriotic forces in South Korea, abolishing the "National Security Law" and pulling down the concrete wall.

It demanded that the United States comprehensively implement the resolution of the 30th session of the U.N. General Assembly in 1975 which calls for replacing the Korean armistice agreement in 1953 with a peace agreement, establishing a new peace mechanism on the Korean peninsula and taking steps corresponding to the maintenance of a lasting peace.

#### **Demands for Demolition of Concrete Wall Noted**

*SK1102045195 Pyongyang KCNA in English 0411  
GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Parliaments, political parties and organizations of different countries expressed full support to the appeal dated December 12, 1994, sent by the Standing Committee of the Supreme People's Assembly of the Democratic People's Republic of Korea to parliaments and politicians of various countries of the world on the lapse of 15 years since the former South Korean military dictators built the concrete wall.

The Malagasy parliament in a note to the DPRK Embassy in Antananarivo on January 30 demanded that the South Korean authorities immediately pull down the concrete wall, a barrier to the reunification of Korea and to the building of political and military confidence between the North and the South.

Parliamentarians of Ghana in a statement issued in joint name on January 23 said that the "National Security Law" illegally enacted by the South Korean authorities is a political and institutional breaker blocking contact, exchange, reconciliation and unity between the North and the South, whereas the concrete wall is a physical breaker denying the homogeneity of the Korean nation, opposing the reunification and obstructing the building of political and military confidence. They demanded the immediate demolition of the concrete wall and abolition of the "National Security Law."

The executive committee of the Central Committee of the Czechy- Morava Communist Party heard the appeal of the Standing Committee of the Supreme People's Assembly of the DPRK and fully supported the DPRK's

demand for immediate dismantlement of the concrete wall, an offspring of the Cold War.

#### **Fidel Castro: Cuba-DPRK Relations 'Very Good'**

*SK1102104995 Pyongyang KCNA in English 1039  
GMT 11 Feb 95*

[FBIS Transcribed Text] Havana, February 9 (KCNA)—Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba, elaborated on Cuba's relations with the Democratic People's Republic of Korea in an interview with the president of the Association of Publishers of Mexico on January 19.

"We have very good relations with Korea," he declared.

#### **Further on European Chuche Idea Society Meeting**

*SK1202094095 Pyongyang KCNA in English 0818  
GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—The sixth meeting of the Council of the European Society for the Study of the Chuche Idea was held in Copenhagen on February 4.

Edmond Jouve, president of the council and professor of Paris University No.5 of France, made a report on the subject "Let us vigorously accelerate the independence of Europe, holding higher the banner of the chuche idea".

He said that his excellency respected President Kim Il-song embarked upon the road of revolution in his early years, founded the chuche idea, the great guiding idea of the era of independence, made tireless efforts for the freedom and liberation of the people and global independence till the last moments of his life, performing brilliant historic feats.

"His excellency respected President Kim Il-song will always remain alive in the heart of humankind together with the immortal feats performed by him for the development and prosperity of humankind," he noted.

Stating that, in order to have a deep understanding of the truth of chuche, it is essential to deeply study the works of his excellency respected President Kim Il-song, the founder of the chuche idea, and his excellency dear Kim Chong-il, the great successor to the cause of chuche, he said: We should deeply study and grasp the idea and theory of "We should deeply study and grasp the idea and theory of chuche with their works as the fundamental textbooks and, on its basis, resolve the practical problems.

"It is of particular importance to strengthen solidarity with the Democratic People's Republic of Korea in conducting social and political activities for the promotion of the independence of Europe," he said, adding:



"Conscious that to defend socialism of Korea is to defend the idea of independence, we should lift up voices exposing and denouncing the anti-socialist moves of the imperialists and actively support the Korean people in their struggle to reunify the country by confederacy formula.

#### **Jordan Delegates Feted by WPK Central Committee**

*SK1302101595 Pyongyang KCNA in English 1006 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] gave a party on Sunday [12 February] for the delegation of the People's Unity Party (Unionist) of Jordan on a visit to Korea.

Hwang Chang-yop, secretary of the WPK Central Committee, said in his speech at the party that the People's Unity Party (Unionist) of Jordan is contributing to the sacred cause of the Jordanian and Arab peoples by conducting energetic activities for stability of the country, social justice and progress, liberation of the Arab territory and people from Israel, dignity and sovereignty of the Arab nation and unity of Arab.

He went on:

"We will extend support and solidarity to your party in its just activities and always stand firm on the side of the Arab people including you.

"We will make all our efforts to further develop the friendly and cooperative relations between the two parties in conformity with the interests of the two peoples and the cause of anti-imperialist independence."

General Secretary Talal Hafun ala Mai [spelling of name as received] said in his speech that the members of his party were deeply moved to read the reminiscences of the great leader Comrade Kim Il-song and the reminiscences is a true textbook of all fighters of the world for freedom and prosperity.

Pointing to the question of Korea's reunification, he expressed full support to the policies and proposals put forward by the great leader Comrade Kim Il-song for national reunification.

He wholeheartedly wished the Korean people good success in the work for the prosperity and development of the country under the wise leadership of his excellency dear Kim Chong-il.

#### **Italian Group on Korean Reunification Movement**

*SK1002103295 Pyongyang KCNA in English 0958 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The Italian Committee for Reunification and Peace in Korea on Jan. 27 called for launching a vigorous

solidarity movement on a nationwide scale to create favorable conditions for the reunification of Korea through confederation.

The appeal stressed the need to lift up voices demanding the abolition of the "National Security Law" and other fascist laws of South Korea, the disbandment of the "Agency for National Security Planning" and the demolition of the concrete wall.

It called for lifting up voices demanding immediate repatriation of the unconverted long-term prisoners in South Korea to their home in the North and expressing full support to the Korean people in the efforts to put an end to the U.S. military occupation of South Korea and achieve the peace and reunification of the country.

#### **Friendship Gathering Marks Iranian Anniversary**

*SK1002044895 Pyongyang KCNA in English 0425 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The Korean Committee for Cultural Relations With Foreign Countries and the Korea-Iran Friendship Association hosted a friendship gathering on February 9 on the occasion of the 16th anniversary of the victory of the Islamic Revolution in Iran.

Present there were Chong Ha-chol, chairman of the DPRK Radio and Television Broadcasting Committee and chairman of the Korea-Iran Friendship Association, and officials concerned. Iranian Ambassador to Korea Seyyed Morteza Mirheydari and embassy officials were invited.

#### **Paper Reacts to Japanese Legislator's Remarks**

*SK1102054195 Pyongyang KCNA in English 0520 GMT 11 Feb 95*

["Reckless Outcry"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—NODONG SINMUN today accuses Eiichi Nakamura, a member of the House of Councillors of Japan, of telling the Budget Committee of the House of Councillors on Feb. 8 that the rumour had it that the fire in Nagata Ward, Kobe, was possibly set by Koreans after the great Hanshin earthquake.

This has aroused anger among all the Korean people, the news analyst says, and continues:

At the time of the great Kanto earthquake in 1923, the Japanese imperialists massacred guiltless Koreans, spreading the false rumours that Koreans set the fire and poisoned the wells. Nakamura's outburst reminds us of the criminal history of Japanese imperialism.

It was with a view to reproducing the genocide at the time of the great Kanto earthquake that he peddled the false rumour at the Diet session which was telecast live.



We can never tolerate the chauvinistic behavior of the Japanese reactionaries to abuse even the natural disaster for opposing and rejecting the Korean people.

Nakamura's outburst is a malicious challenge to the DPRK and the General Association of Korean Residents in Japan (Chongnyon) which have expressed good faith and sympathy concerning the great Hanshin earthquake.

It is well known that the DPRK expressed deep sympathy over the quake damages in Japan and that Chongnyon and Koreans in Japan are rendering well-intentioned cooperation in the rehabilitation. The Japanese people are grateful for this.

Nakamura not only gravely insulted the dignity, conscience and good faith of the Korean nation but also smeared the faces of the Japanese people.

It is a shame of the Japanese people to have such a reckless fellow as Nakamura in the political circles of Japan.

Nakamura must officially revoke his outburst and unconditionally apologize to the Korean people.

#### **Japan Asked To Take Responsibility for 'Crimes'**

*SK1202063995 Pyongyang Korean Central  
Broadcasting Network in Korean 1223 GMT 10 Feb 95*

[Unattributed commentary: "History Will Settle Accounts Without Fail"]

[FBIS Translated Text] According to reports, Japanese political circles have been discussing recently whether or not Japan is responsible for Korea's division. This in itself shows the Japanese authorities are not willing to acknowledge Japan's responsibility over Korea's division.

Alleging that Japan has no responsibility is a flagrant distortion of the historical facts. The historical facts prove that Japan is responsible for Korea's division. Japan is a country that invaded our country. The Japanese imperialists illegally occupied Korea, exercised a vicious colonial rule for almost 40 years, and inflicted incalculable misfortunes and sufferings on our people.

Korea has been one since olden times, and the Korean nation has been one, too. Had Japan not occupied Korea, conditions for Korea's division would have not been created. It is clear that Korea's division was created by the Japanese imperialists' policy of occupying Korea. As a result, people of the same race who had lived harmoniously on the same land, generation after generation, had to live divided in the North, South, and overseas.

Alleging that Japan has no responsibility for Korea's division is nonsense. Japan is also responsible for the perpetuation of the division on the Korean peninsula and the aggravation of tension there. Instead of taking

responsibility for Korea's division, Japan has desperately maneuvered to perpetuate the division since the end of the war. As directed by the United States, Japan fabricated the South Korea-Japan agreement in June 1965 and has since then pursued the one-sided policy of recognizing and protecting the South Korean puppets, and has viciously carried out a hostile policy against the Republic.

The Japanese reactionary rulers have adamantly opposed Korea's reunification. Every time we have advanced new, fair and straightforward reunification proposals, they have found fault with them, saying that they were unrealistic and aimed at achieving a propaganda effect, and openly sought to perpetuate Korea's division by fabricating two Koreas.

When the South Korean puppets announced the so-called [word indistinct] statement in 1973, a high-ranking official of the Japanese Foreign Ministry raved: Frankly speaking, they did so at the recommendation of the Japanese Foreign Ministry.

Based on its one-sided policy toward South Korea and its hostile policy toward us, Japan has given a great deal of military assistance to South Korea, increasing South Korea's war potential. The Japanese militarists, with the South Korean puppets, even mapped out a plan to conduct joint military operations against our Republic, and are conducting joint military exercises to implement this plan. All of this shows that Japan has played the role of a shock brigade in perpetuating Korea's division and is one of the ringleaders who are aggravating tension on the Korean peninsula.

Despite these stark historical facts, the Japanese reactionaries stated that Japan has no responsibility for Korea's division. They did so out of a shameless intention to escape from their responsibility for their past crimes and avoid reparations in the postwar era. The question of Korea's division concerns whether the Japanese authorities intend to admit their Japanese imperialists' past crimes, apologize, and account for them or not and whether they intend to acknowledge and compensate for the crimes which they have committed for 50 years after the war. In other words, this issue is related to Japan's fundamental position and attitude toward accounting of its past crimes and reparations in the postwar era. Therefore, if Japan intends to correctly account for its past and make reparations in the postwar era, it must first assume a correct attitude toward them.

Korea's division does not benefit peace and security in Northeast Asia and it does not benefit peace and security in Japan. Because the Korean peninsula remains divided, military confrontation between the North and South continues. And, on top of that, because outside forces got involved, the situation in Northeast Asia is constantly tense. Japan is an island located in Northeast Asia and close to Korea. If tension is aggravated and military conflicts take place on the Korean peninsula, this will bring grave consequences to all of Northeast



Asia and gravely affect security in Japan. For this reason, as well, Japan should take responsibility for Korea's division and do something in favor of Korea's reunification. History is fair, and no one can distort it. Irrespective of whether Japan takes responsibility for Korea's division, history will settle accounts with Japan without fail.

#### **Japan's Inoki Signs Pact for Sports Festival**

*OW1302135295 Tokyo KYODO in English 1335 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, Feb. 13 KYODO—Japanese wrestler-turned Diet member Kanji "Antonio" Inoki and Kim Yong-sun, a secretary of the Workers Party of Korea and chairman of the Reunification Policy Committee, signed an agreement Monday [13 February] for the holding of a sports and culture festival in Pyongyang.

Under the agreement, the festival will be held in Pyongyang April 28-30, with an opening ceremony and wrestling events set for April 28, more wrestling on the following day, and a "Korea Day" on April 30 devoted to mass gymnastics exercises and other events.

The agreement also included a call for the festival to be televised overseas, including in Japan.

Inoki told a press conference after the signing of the agreement that he hopes the festival will lead to "various changes" between Japan and North Korea in view of currently stalled negotiations aimed at normalization of bilateral relations.

Inoki's new Japan Pro-Wrestling Co. and the Asia-Pacific Peace Committee of North Korea are co-hosting the festival.

Inoki first suggested staging a pro wrestling exhibition in Pyongyang last September, when he visited the North Korean capital to meet relatives of his mentor Rikidozan, or Kim Sin-nak, who triggered a wave of interest in professional wrestling in Japan in the 1950s.

The 51-year-old Japanese legislator arrived in Pyongyang on Feb. 7.

Inoki said four female Japanese professional wrestlers will participate in the event and former U.S. heavy-weight world champion Muhammad Ali will be a special guest.

He also said he is negotiating with legendary Brazilian soccer superstar Pele to join the Pyongyang event.

#### **Japanese Group Delivers Gift for Kim Chong-il**

*SK1002110095 Pyongyang KCNA in English 1040 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The great leader Comrade Kim Chong-il

received a gift from the visiting delegation of the new Japan Professional Wrestling Co., Ltd.

The gift was handed to Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Korean Asia-Pacific Peace Committee, by Kanji Inmki, head of the delegation.

#### **Kim Chong-il Receives Letters From Chongnyon**

*SK1102050595 Pyongyang KCNA in English 0433 GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—The great leader Marshal Kim Chong-il received letters from organisations of the General Association of Korean Residents in Japan (Chongnyon).

The letter from the participants in the 4th enlarged session of the 16th Central Committee of Chongnyon said:

"At the session, we discussed measures to wage a patriotic innovation movement of the masses for greeting the 40th anniversary of the formation of Chongnyon with a high degree of patriotism and achievements and launch a campaign involving all the compatriots to rescue the Korean victims of the great han-shin earthquake. We will make all members of the organisation have the firm belief that we are sure to win when we remain loyal to your leadership."

The letter from the participants in the 4th enlarged session of the 22nd Central Committee of the Democratic Union of Korean Women in Japan said:

"We will wage a patriotic innovation movement of the masses vigorously to live up to your trust with a loyal heart."

The letter from the participants in the meeting of Korean educational workers and scientists in Japan and Korean students studying at Japanese schools held to extend thanks to Marshal Kim Chong-il for the educational aid fund and stipends sent by him to them in the 129th installment said:

"We will strengthen national education, firmly build up the ranks of educational workers, maintain the chuche stand in education and contribute to the development of science and technology in the homeland."

The letters sincerely wish respected Marshal Kim Chong-il a long life in good health.

#### **Officials Attend Opening of Skating Tournament**

*SK1202101795 Pyongyang KCNA in English 0908 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—The fourth "Paektusan prize" international figure skating tournament opened in Pyongyang on February 12 when various celebration functions are taking



place in different countries on the birthday of the great leader Comrade Kim Chong-il.

The tournament which has been held every year from 1992 in accordance with the noble idea of independence, peace and friendship is an occasion for strengthening friendship and cooperation among the peoples and sportsmen who aspire after independence and swapping achievements and experiences in sports.

Competing in the current tournament are figure skaters from Romania, Russia, Bulgaria, Uzbekistan, Ukraine, Hungary, Spain, China, France, Kazakhstan, Poland and Korea.

Present at the opening ceremony were Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president; and Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council and foreign minister.

Diplomatic envoys of various countries were also present.

Also present there were the delegation of the new Japan Professional Wrestling Co., Ltd. led by Kanji Inoki, leader of the Sports Peace Party of Japan, member of the House of Councillors and chairman of the company, on a visit to Pyongyang for the Pyongyang International Sports and Cultural Festival for Peace, and the delegation of the Physical Culture and Sports Commission of China led by Minister Wu Shaozu.

Vice-chairman of the State Commission of Physical Culture and Sports Yi Tong-ho who is chairman of the organizing committee of the tournament made an opening address, which was followed by a collective demonstration performance of ice dancers.

The tournament will continue till February 16.

#### **Kim Chong-il Said Not Present**

*OW1202113495 Tokyo KYODO in English 1120 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, Feb. 12 KYODO—North Korean leader Kim Chong-il failed to make an appearance Sunday [12 February] at the opening ceremony of an annual international figure skating event in the nation's capital.

The event, Pyongyang's first international sports competition since the death of President Kim Il-song in July last year, and historically only its fourth such event, is being held in honor of Kim Chong-il's 53rd birthday next Thursday.

Professional wrestler-turned-politician Kanji "Antonio" Inoki of Japan and other overseas guests joined North

Korea's Vice President Pak Song-chol as well as Vice Premier and Foreign Minister Kim Yong-nam at the opening ceremony.

Skaters from 12 countries, including North Korea, China, Russia, Spain and France, will compete in the event.

Inoki, a member of the House of Councillors and head of the Sports Peace Party, later met with Pak and Kim separately to talk about an upcoming international sports and culture festival to be held in Pyongyang.

The April 28-30 festival will be co-hosted by the North Korean Asia-Pacific Peace Committee and New Japan Pro-Wrestling Co., which is owned by Inoki.

Inoki said during the meetings that he will "work to make the festival a success."

#### **More Reportage on Kim's Birthday Commemorations**

##### **Cuban Ambassador Visits Greenhouse**

*SK1002044695 Pyongyang KCNA in English 0413 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and embassy officials visited the Kimjongilia Greenhouse on February 9 on the birthday of the great leader of our party and our people Comrade Kim Chong-il.

After visiting it, the ambassador said that officials of the Cuban Embassy had visited the Kimjongilia Greenhouse on the birthday of Comrade Kim Chong-il. He said that they would bring into fuller bloom kimjongilia given to them as a souvenir.

The guests inspected the Kimilsungia Greenhouse, too, on the same day.

##### **Pakistani Envoy Hosts Reception**

*SK1202101995 Pyongyang KCNA in English 0900 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—Rehmdil Bhatti, ambassador extraordinary and plenipotentiary of the Islamic Republic of Pakistan to Korea, hosted a reception on the birthday of the great leader Comrade Kim Chong-il on the Saturday evening.

Speaking at the reception, Ambassador Rehmdil Bhatti said that today all the Korean people are significantly greeting the 53rd birthday of His Excellency Marshal Kim Chong-il, the great leader, and that he arranged this occasion in token of his respect for him.

His excellency the great Kim Chong-il is carrying forward the cause of President Kim Il-song, he said, and stressed: Comrade Kim Chong-il is firmly convinced of



the victory of socialism and wisely leading the Korean people. His contribution to this cause is great.

Referring to his contribution to strengthening the Korean People's Army, the ambassador said:

The People's Army has been strengthened and developed into strong Armed Forces capable of defeating any aggressor.

The feats performed by His Excellency Kim Chong-il for increasing the defence capabilities of the country are, indeed, great and will shine long.

There is no doubt that great Korea will shine as a model country of the world under the wise guidance of His Excellency Marshal Kim Chong-il. The Pakistani people will make every possible effort to further expand and develop their friendly relations with the Korean people.

Kim Yong-nam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-premier of the Administration Council and foreign minister, spoke next. He said:

It is an expression of deep feelings of respect and trust for Comrade Kim Chong-il, the great leader of our party and our people, that close Pakistani friends hosted this reception on his birthday to significantly celebrate the February holiday with the Korean people.

Respected Comrade Kim Chong-il who was born in Mt. Paektu in the period of the righteous anti-Japanese great war to liberate the country, has performed immortal exploits for the country and the times by wisely leading our party and people to the accomplishment of the cause of *chuche* started by the great leader Comrade Kim Il-sung.

Since Comrade Kim Chong-il pursues politics of love and trust, benevolent politics, the leader and people form an integral whole in our society and everyone enjoys a happy life in a harmonious family singleheartedly united.

Noting that the great leader Comrade Kim Chong-il always shows deep concern for the development of friendly and cooperative relations with Pakistan, Kim Yong-nam said: We will make positive efforts to further expand and develop the relations of friendship and cooperation with Pakistan in various fields, true to his intention.

#### Foreign Media Mark Birthday

*SK1202095295 Pyongyang KCNA in English 0844 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—Mass media have edited special writeups and bulletins have been published in various countries in celebration of the birthday of the great leader Comrade Kim Chong-il.

The Russian Paper PATRIOT No.5 dedicated two whole pages to special writeups under the bannerline "Greatest National Holiday of the Land of Morning Calm".

The paper carried a picture of Comrade Kim Chong-il and the subtitles "Lodestar", "Stages of the Great Course", "No Borderline in Ideology", "Responding to Demand of People and Era", "Advance Toward New Century" and "Led by You, We Will Win".

The paper also carried pictures introducing the DPRK.

The Peruvian paper EL MATUTINO, the Nigerian paper NEW NIGERIAN, the Malian paper LE MALIEN, the Indian paper SAMACHAR POST, the Pakistani paper HABARE, the Ugandan paper NGABO, and the Ghanaian papers WEEKLY INSIDE and WEEKLY SPECTATOR published articles praising the greatness of Comrade Kim Chong-il under the titles "Tribute to H.E. [His Excellency] Kim Chong-il, the Great Leader of the Korean People," "Comrade Kim Chong-il is the Supreme Leader of Korea", "we wish long life in good health of H.E. Kim Chong- Il," etc.

The Tanzania-Korea Friendship Association, the Peru-Korea Institute of Culture and Friendship, the Maputo Committee of the Frelimo Party of Mozambique and the Mt. Paektu Czech-Korean Friendship Association published bulletins.

The bulletins carried articles headlined "Long Life in Good Health to Comrade Kim Chong-il, the Supreme Leader of the Korean People", "The Leader Leading the Socialist Cause to Victory" and "Ideological and Theoretical Characteristics of the Great Leader Comrade Kim Chong-il".

#### Reluctance To Celebrate Praised

*SK1102102495 Pyongyang KCNA in English 1004 GMT 11 Feb 95*

["The Great Leader With Noble Sense of Obligation and Modesty"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—The whole country is resounding with enthusiastic cheers and overflowing with excitement after the promulgation of the decree of the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the birthday of the great leader Comrade Kim Chong-il, as the greatest holiday of the nation.

It was the most ardent desire and wish of all the Korean people to celebrate the birthday of Comrade Kim Chong-il as the greatest holiday of the nation.

The Korean people had earnestly requested from ten odd years ago the significant celebration of the birthday of respected Comrade Kim Chong-il who had performed undying feats for the party and the revolution, the motherland and the people, the era and history as the greatest auspicious national holiday. But Comrade Kim



Chong-il refused to celebrate his birthday, saying that we should celebrate only April 15, the birthday of the great leader President Kim Il-song, as the most significant holiday.

It is a custom in Korea from olden times for everyone to significantly greet his birthday amid blessings. But Comrade Kim Chong-il, regarding him as a soldier who is accomplishing the revolutionary cause of President Kim Il-song, energetically worked for the prosperity and development of the country and the happiness of the people on his birthday when he should take a rest amid in the blessings of all peoples.

On February 16, 1982, he said it was his lifelong mission to carry forward to accomplishment through generations the revolutionary cause of *chuche* started by President Kim Il-song. He declined the entreaty of officials for him to have a rest at least on his birthday and left on a trip of on-the-spot guidance to a construction site.

On his birthday last year, he spent busy hours as usual, earnestly saying, "Let us do more good work for the people and delight President Kim Il-song."

Considerate of the ardent wish of our people, the great leader President Kim Il-song endorsed "on designating February 16, the birthday of the dear leader Comrade Kim Chong-il, as the greatest holiday of the nation", a decree of the Central People's Committee of the DPRK, on February 7, 1992.

This decree was not promulgated due to the repeated dissuasion of Comrade Kim Chong-il who wanted to hold only the great leader President Kim Il-song in high esteem. It was published three years after.

Comrade Kim Chong-il is, indeed, a great paragon of the leader with the noblest sense of obligation and modesty. So, the Korean people say heartily: "It is the great leader Comrade Kim Chong-il whom our nation should always believe and follow as heaven!" and wholeheartedly wish him a long life in good health.

#### **KPA Generals Discuss Kim Chong-il**

*SK1102051195 Pyongyang KCNA in English 0447  
GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—Discussions on the greatness of Comrade Kim Chong-il, the great leader of our party and our people and supreme commander of the Korean People's Army [KPA], took place at the Ministry of the People's Armed Forces at the February 8 House of Culture on February 10 on the occasion of his birthday.

Vice Marshal of the KPA Kim Kwang-chin and other generals spoke on the subjects "Respected Supreme Commander Comrade Kim Chong-il is the highest incarnation of loyalty and filial devotion without parallel in human history", "Respected Supreme Commander Comrade Kim Chong-il is a great statesman who has

built the driving force of our revolution into matchless and invincible ranks by benevolent politics", and so on.

The speakers noted that the supreme commander has performed great feats which will shine forever in the history of the country and the history of the struggle for human liberation with his tireless ideological and theoretical activities and vigorous revolutionary practice.

They said respected Supreme Commander Comrade Kim Chong-il has brilliantly recorded the whole course of the revolutionary struggle with intense loyalty and filial piety, making loyalty to the great leader President Kim Il-song the only revolutionary outlook on the world and his view of life.

Comrade Kim Chong-il has strengthened the driving force of our revolution by his politics of love and trust, great benevolent politics and thus consolidated the singlehearted unity of the leader, the party and the masses as firm as a rock, they noted.

They said the respected supreme commander, with his noblest human love, great magnanimity and tolerance, made the relationship between the leader and the people relationship of harmonious whole based on love and loyalty and turned the whole country into one large harmonious family based on collectivism and revolutionary comradeship.

The speakers stressed that the respected supreme commander who is a great brilliant commander has put his heart and soul into the strengthening of the Revolutionary Armed Forces for dozens of years till today since he embarked upon the road of revolution, and thus performed immortal feats in stoutly rearing our People's Army into the reliable main force for the accomplishment of the cause of the Korean revolution.

They said that today the world progressive humankind highly praises respected Comrade Kim Chong-il who is leading the popular masses' cause of independence to a victory with his extraordinary intelligence and wise guidance, as the lodestar of the era and the lodestar of human liberation.

They stressed that all the officers and men of the KPA should remain wholeheartedly loyal to Comrade Kim Chong-il whom the world people deeply revere, cherishing the great national pride in holding him in high esteem as the leader of the revolution and the supreme commander.

#### **Soldiers Support Birthday Decree**

*SK1102050495 Pyongyang KCNA in English 0439  
GMT 11 Feb 95*

["People's Army Soldiers Hail Decree on Designating Birthday of Comrade Kim Chong-il as Nation's Greatest Holiday"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—Soldiers of the Korean People's Army [KPA]



hailed the decree of the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the birthday of the dear leader Comrade Kim Chong-il, as the greatest holiday of the nation.

Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army, read the decree at a meeting held at the Ministry of the People's Armed Forces on February 9.

The speakers at the meeting fully supported the decree, saying that it was the unanimous desire and demand of the Korean people and the officers and men of the People's Army and the world's revolutionary people and their long-cherished wish to significantly celebrate the birthday of respected Supreme Commander Comrade Kim Chong-il, the destiny of the country and the nation and the great man of the century, as the greatest holiday of the nation.

They stressed that the respected supreme commander has devoted his all to the party and the revolution, the country and the people and performed immortal feats which will shine through centuries, regarding it as his lifelong mission to carry the revolutionary cause of *chuche* pioneered by the fatherly leader President Kim Il-sung to accomplishment through generations.

The officers and men of the People's Army, with deep faith that they will surely win, guided by the respected supreme commander, will firmly prepare themselves to be the main force of the revolutionary cause of *chuche* which firmly trusts and follows only him and shares the destiny with him in any adversity and ordeals, they declared.

They said that the whole army will act as one on orders of the respected supreme commander and further cement the harmonious unity of him and the People's Army by more firmly establishing the *chuche*-based commanding system and the revolutionary military morale.

Soldiers' meetings supporting the decree of the DPRK Central People's Committee took place at units of the KPA.

#### Functions Take Place Abroad

*SK1102044995 Pyongyang KCNA in English 0427  
GMT 11 Feb 95*

[All names are as received]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—Functions are taking place in different countries to celebrate the birthday of the great leader Comrade Kim Chong-il.

Meetings were held in New Delhi, in Harare Province and in Accra.

Reports and speeches were made at the meetings.

In his report Om Prakash Mantri, secretary general of the all India Indo-Korean Friendship Association, said:

"The Indian people join the progressive peoples around the world in grandly celebrating the birthday of his excellency the great leader Kim Chong-il, an auspicious holiday common to humankind.

"The world is filled with high glory and joy at having His Excellency Kim Chong-il, the great leader, and highly praises his outstanding leadership.

"He is a prominent statesman recognised by the world and the greatest brilliant commander who brings any enemy to his knees.

"Bright is the future of the Korean nation led by His Excellency Kim Chong-il, the great leader and an ever-victorious iron-willed brilliant commander."

Ayirebi-Acquah, chairman of the Ghana-DPRK Friendship Association, said in his speech that Comrade Kim Chong-il is the great leader of the Workers' Party of Korea and the Korean people and a distinguished great man who has greatly contributed to the cause of socialism, the cause of independence against imperialism and the development of the world revolution.

Congratulatory telegrams and letters to Comrade Kim Chong-il were adopted at the meetings.

A seminar, lecture, Korean film and photo exhibition week and film show were organised in the Congo, Nigeria, Equatorial Guinea and Mali to mark this occasion.

#### Military Attaches Visit University

*SK1102053395 Pyongyang KCNA in English 0454  
GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—The military attaches corps in Pyongyang visited Kim Il-sung University on Friday on the occasion of the birthday of the great leader Comrade Kim Chong-il.

The university is the highest seat of *chuche*-based education which was founded on October 1, 1946, the year after the liberation of the country.

Comrade Kim Chong-il conducted his revolutionary activities at the university from September 1960 to March 1964.

The members of the military attaches corps saw with deep emotion the historical materials and mementoes preserved at the university.

After the inspection military attache of the Vietnamese Embassy Tran Thuc who is the doyen of the military attaches corps wrote in the visitor's book: "We deem it an honor to visit Kim Il-sung University which is associated with the revolutionary records of Comrade Kim Chong-il, the great leader of the Korean people and



supreme commander of the Korean People's Army, on the occasion of his birthday."

Military attache of the Chinese Embassy Liu Jianhua said that the university which has developed amid the deep concern and solicitude of the great leader Comrade Kim Il-song has reared many able cadres for socialist construction.

Military attache of the Egyptian Embassy Rafat Yusri Rashad Mihail noted that Kim Il-song University is on the world level in every aspect. "Korea is the only country where students study, without any worries, receiving scholarships, under the free education system.

Military attache of the Peruvian Embassy Bernard Cristian Braun Luy said that the university is displaying its name as the highest seat of chuche-based education with the immortal revolutionary history of the great President Kim Il-song and His Excellency Kim Chong-il, respected supreme commander.

#### **Chang Chol Attends Film Show**

*SK0902221795 Pyongyang KCNA in English 1458 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—A ten-day film show celebrating the February 16 opened here today.

To be shown at the cinema houses and cultural halls across the country during the week are such documentary films as "The Glory of Korea", "Korea, I Will Glorify Thee" and "They Were Always Together on the Road for the People" which deal with the revolutionary activities, greatness and immortal achievements of the great leader Comrade Kim Chong-il.

The cinema-goers will also see such feature films as "Guarantee", "A Party Member", "Story About a Flower" and sequels of the multi-part film "The Nation and Destiny".

The opening ceremony of the film show was held at the People's Palace of Culture.

Present at the ceremony were Vice-premier of the Administration Council and Minister of Culture and Art Chang Chol and officials concerned.

#### **Kim Ki-nam Attends Photo Exhibit**

*SK0902221595 Pyongyang KCNA in English 1501 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—A national photo exhibition has opened to celebrate the 16th of February, the birthday of the great leader Comrade Kim Chong-il, which is the greatest auspicious holiday of the nation.

On show are more than 230 pictures showing the immortal leadership feats of Comrade Kim Chong-il and

people who have turned out to accomplish the revolutionary cause of chuche under his leadership.

Among them are the photographs "The great leader Comrade Kim Chong-il responding to the enthusiastic cheers of the people", "Working people resolved to accomplish the revolutionary cause of the respected leader, holding the great leader Comrade Kim Chong-il in high esteem" and "Comrade Kim Chong-il, supreme commander of the Korean People's Army, seeing soldiers in training".

The opening ceremony of the exhibition was held at the People's Palace of Culture today.

Kim Ki-nam, secretary of the Central Committee of the Workers' Party of Korea, made a speech there.

#### **Pyongyang Radio: Kim 'Great Military Leader'**

*OW1302053995 Tokyo KYODO in English 0450 GMT 13 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 13 KYODO—Radio Pyongyang has proclaimed Kim Chong-il a great military leader, the Naewoe press monitoring agency reported Monday [13 February].

According to Naewoe press, Radio Pyongyang hailed Kim, who marks his 53rd birthday on Thursday, as "a great general of steel who has won 100 victories in 100 battles" who would lead the military to victory unshaken by enemies' provocations or threats.

In recent months, the North Korean media has shown the reclusive Kim inspecting military units. South Korean analysts have been divided over whether this indicated Kim's increased control over the armed forces or the heightened stature of the military in the North Korean leadership.

Kim has long been expected to succeed his father Kim Il-song as North Korea's president and ruling party chief, but his failure to yet assume the titles of his father, who died last July, has sparked speculation that there has been a rift with the military leadership.

North Korea watchers have suggested that despite his many military titles, including supreme commander of the Korean People's Army, Kim's lack of military experience did not sit well with the older generation of military leaders contemporary with his father.

#### **People Urged To Unite Around Kim Chong-il**

*SK1102104795 Pyongyang KCNA in English 1038 GMT 11 Feb 95*

["NODONG SINMUN Calls For Working Energetically as Soldiers and Disciples of President Kim Il-song"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 11 (KCNA)—NODONG SINMUN today calls on all the people to unite around the great leader Comrade Kim



Chong-il in one mind and purpose and invigorate their efforts to make their country, their motherland more prosperous, as soldiers and disciples of the leader, the noble title awarded to them by him.

The paper devotes one whole page to an article headlined "Let Us Energetically Work as Soldiers and Disciples of the Great Leader."

The great leader Comrade Kim Chong-il is quoted as saying:

"Let all of us work energetically in one mind to make our country, our motherland, more prosperous, as befits the soldiers and disciples of the great leader Comrade Kim Il-song."

The author of the article says:

To be soldiers of Comrade Kim Il-song means to be true loyal subjects who absolutely worship, trust and follow him. To be disciples of the leader means to be staunch revolutionaries who live and work as instructed by him, taking his idea as their lifeline.

For our people to work hard as soldiers and disciples of Comrade Kim Il-song is a very glorious and proud revolutionary undertaking and the worthiest way of life.

Comrade Kim Il-song's soldiers and disciples are the luckiest people who make the revolution, regarding his precious achievements as the foundation stone of eternal value and the vanguard fighters who shape the future of humankind in the van, true to his noble intentions.

Comrade Kim Chong-il's autograph letter, which calls for energetically working as soldiers and disciples of Comrade Kim Il-song, carries his noble intention to enable our people to lead a worthwhile life with a revolutionary outlook on the leader and view of life as well as his unshakable will to carry to accomplishment the revolutionary cause of *chuche* pioneered by Comrade Kim Il-song.

For us to work energetically as soldiers and disciples of Comrade Kim Il-song today means to become soldiers and disciples of the great Comrade Kim Chong-il.

Our people absolutely trust Comrade Kim Chong-il, who is creditably carrying forward the revolutionary cause of *chuche* of Comrade Kim Il-song, and uphold him with intense loyalty and dedication.

For our people, Comrade Kim Il-song means Comrade Kim Chong-il, and to live and work as soldiers and disciples of Comrade Kim Il-song means to share the intention of respected Comrade Kim Chong-il and follow the road indicated by him.

It is the unshakable will of our people to uphold Comrade Kim Chong-il and exalt their noble title as soldiers and disciples of the leader.

To learn from the noble traits of Comrade Kim Chong-il is an essential requirement to be soldiers and disciples of

the leader. To have a firm revolutionary outlook on the leader is a sure guarantee to discharge their mission and duty as such.

It is a bounded revolutionary duty of the soldiers and disciples of the leader to brilliantly realise Comrade Kim Chong-il's grand plan to make the country, the motherland, more prosperous.

Our country is *chuche* Korea with the highest pride and dignity, where the Korean nation shining with the august name of Comrade Kim Il-song lives. Our motherland is a socialist state led by Comrade Kim Chong-il.

### **Soldiers' Support for Kim Chong-il Stressed**

*SK1102043195 Pyongyang KCNA in English 0406 GMT 11 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army, inspected a Women's Coast Artillery Company on the forefront on Feb. 5.

After seeing the artillery women's training, he expressed deep satisfaction. He also dropped in the dining room, opened the window of the cupboard in the kitchen, acquainted himself with the processing of subsidiary foodstuffs and supply of food and instructed the commanders of the unit to take warm care of the diet of the artillery women.

He saw an art circle performance given by the soldiers of the company and had a picture taken with them.

On Feb. 6 he found himself among sailors, inspecting Naval Unit 155 of the Korean People's Army [KPA].

On the morning of the New Year's day, he visited KPA Unit 214. He congratulated the soldiers of the unit on the new year, had a picture taken with them and gave precious instructions which would serve as guidelines for the increase of the combat capabilities of the unit.

General Kim Chong-il, a great iron-willed brilliant commander, has always found himself among soldiers, teaching them the *chuche* tactics of war, cultivating their wisdom and courage so that each of them could match a hundred foes, and taken a warm care of their life as he would the life of his own children.

In August 1960, he visited KPA Unit 109, where he indicated detailed tasks and ways for the soldiers to discharge their military duty, saying that their duty is to resolutely defend the party and the revolution, the country and the people.

In July 1972, he visited a post near the Military Demarcation Line. He said he had been so eager to see the soldiers, inspected their combat preparedness and acquainted himself with their life.

In July 1974, he visited the post again. Reading the minds of the soldiers, he had a picture taken with them.



Embracing them who were very sad to part with him, he said: "I will see the picture I have taken with you whenever I long to see you. I will always remember you."

One day some 20 years ago, he visited an anti-aircraft battery position and spent that day during which he saw a demonstration drill of the soldiers, asked them if there was anything uncomfortable in their life, and kindly chatted with them.

In April 1991, he visited a KPA unit, where he acquainted himself with the military training of the unit, inspected the combat technical equipment and set out highly important guidelines in strengthening the People's Army into an invincible army.

There are many stories told among the KPA soldiers about the loving care shown by their supreme commander for them. In October years ago, he got aboard a torpedo boat and guided the training of sailors, cutting through high waves of the sea. When he was visiting a solitary post on the seashore, he saw a target practice with live bullets of the soldiers and shared lunch with them. One rainy evening, he stopped over at a sentry post and gave his raincoat to the sentry.

That is why the soldiers of the KPA soldiers uphold Comrade Kim Chong-il with loyalty and dedication as the supreme commander of the Revolutionary Armed Forces and as their father.

Letters continue to come to the supreme commander from the soldiers. The letters carry their loyal resolution to be revolutionary soldiers defending him with arms on the forefront.

He reads each letter and sends them replies showing his trust in and love for them.

The exceptionally deep trust and unbreakable unity between the supreme commander and his soldiers is the source of the invincible strength of the Korean People's Army.

### **Talks Stress Unity Centered Around Kim Chong-il**

#### **'Unattributed Talk' on 10 Feb**

*SK1102010595 Pyongyang Korean Central  
Broadcasting Network in Korean 0200 GMT 10 Feb 95*

[Unattributed talk: "Single-Hearted Unity Around the Leader [yongdoja] is the Core of Our Party's Revolutionary Tradition"]

[FBIS Translated Text] Whenever we recall the history of our revolutionary struggle, which has advanced along the single road of victory and honor, our people have the greatest dignity and pride in the fact that, because they are carrying out the revolution with the honorable revolutionary traditions under the leadership of the great leader [yongdoja] Comrade Kim Chong-il, the party has

been ever-victorious; our country, our fatherland, is affluent and powerful; and the prospect of the nation is endlessly bright.

The respected and beloved leader [suryongnim] stressed the need for Korean revolutionaries and people to unite around the leader [yongdoj] and considered this as the primary guarantee for the victory of our revolution. He achieved victories, relying upon this single-hearted unity during the whole course of his leading the revolution.

In fact, single-hearted unity around the leader can be achieved only by the great leader [suryong], the most outstanding leader [yongdoja] of the revolution, who is able to correctly foresee the remote future of the times and the revolution and to always lead the popular masses' revolutionary struggle along the single road of victory.

Not until our people upheld the respected and beloved leader Comrade Kim Il-song, the great leader of the people of the age of independence, was the single-hearted unity of revolutionary ranks around the leader [yongdoja] formed. The great leader Comrade Kim Il-song launched onto the road of revolution, shouldering the fate of the fatherland and the nation. He considered it a primary question influencing the fate of revolution and the prospect of the nation to achieve the revolutionary ranks' unity and cohesion based on the *chuche* idea and made every effort to solve the question.

In the course of solving the question, the brilliant tradition of the revolutionary ranks' unity and cohesion, the unity and cohesion around the leader [suryong], based on the leader's revolutionary idea, and based on the revolutionary sense of duty and comradeship between the leader and the fighters, was created for the first time in the Korean revolution.

Our single-hearted unity became the lifeline of the Korean revolution in many annals of the revolution, and today it has entered the highest level of the perfect unity [honyon ilche] among the leader, the party, and the masses.

The single-hearted unity around the leader [yongdoja] is the core of our party's revolutionary traditions. The great leader Comrade Kim Il-song taught: The single-hearted unity around the leader is the core of our party's revolutionary traditions. The core of the party's revolutionary traditions is a primary factor that influences the might and vitality of the revolutionary traditions.

The core of our party's revolutionary traditions is the single-hearted unity around the leader. This means that the revolutionary traditions are based on single-hearted unity, which plays the leading role in creating and developing other revolutionary traditional contents. Single-hearted unity around the leader is regarded as the core of our party's revolutionary traditions because, above all, it played a decisive role in achieving the victory of the anti-Japanese struggle.



Revolutionary traditions are created in the course of the struggle to realize the popular masses' independence under the leader's [suryong] leadership. The decisive guarantee for the victory of this sacred struggle lies in single-hearted unity around the leader, the unity among the main forces of the revolution—the leader, the party, and the masses.

The valuable traditions of our revolution were created in the course of the respected and beloved leader Comrade Kim Il-song's realizing the single-hearted unity of revolutionary ranks and achieving the victory of the anti-Japanese struggle, by using the might of single-hearted unity.

A time when all anti-Japanese patriotic movements of our nation repeatedly failed and were frustrated under the harsh oppression by the Japanese imperialists, and when the prospect of the revolution was dark because the initial communist movement had been cracked and broken by factionalists completely infected with flunkeyism, the respected and beloved leader deeply learned by experience the revolutionary truth that unity will lead to a victory, but division will lead to a downfall. He created a new history of revolutionary ranks' unity and cohesion.

The respected and beloved leader's efforts to achieve the single-hearted unity of revolutionary ranks are shown by the fact that he presented young communists of younger generations the slogans calling for the unity in one idea and will and for going among the people, and enthusiastically led communists and the people to firmly unite with one another in ideas, will, comradeship, and the sense of duty, and the fact that he smashed the divisionist maneuver by factionalists completely infected with flunkeyism at the (Tahongwae) meeting and the (Yoyonggu) meeting and burned the file of the Public Welfare Party documents in (Maansan) district.

The respected and beloved leader Comrade Kim Il-song was indeed the center of unity, around which 10 million people could be united. He was the most outstanding leader [yongdoja] of the people and the great leader [suryong] of the revolution in the world.

This is why young communists, including Kim Hyok and Cha Kwang-su, and anti-Japanese martyrs, including Comrade O Chung-uk, fought for the liberation of the fatherland, firmly united as one around the leader, with the firm faith that their destinies and the fate of the fatherland and the nation depend on the respected and beloved leader.

Without the single-hearted unity around the leader, the Korean revolution would have been frustrated in the very beginning, and our people could not have rid themselves of their colonial slavery fate. Therefore, when we talk about our party's revolutionary traditions, we stress the single-hearted unity of revolutionary ranks, above all, that made it possible to achieve the victory of the anti-Japanese struggle.

Another meaning of the fact that the single-hearted unity around the leader is the core of our party's revolutionary traditions is that all assets that consist of the contents of the revolutionary traditions are closely related to the single-hearted unity and have been created based on the might of the single-hearted unity.

The revolutionary traditions of the working class' party are integrating valuable assets that are eternally meaningful in achieving the ultimate victory of the revolution. In order to create, develop, and enrich these assets, it is necessary to prepare the single-hearted unity around the leader, and the leading role of the perfectly united revolutionary ranks must be guaranteed.

All the basic contents of our party's revolutionary traditions that were created in the flames of the anti-Japanese struggle—such as the chuche-oriented ideological system, immortal revolutionary achievements, and valuable struggling experience, revolutionary work methods, and people-oriented work style—were created by the great leader's wise leadership and the perfectly united ranks who faithfully upheld the leader.

The single-hearted unity around the leader that was created in the anti-Japanese struggle has invariably been accomplished and further been consolidated and developed in the whole course of our revolution, from the time of the fatherland's liberalization to the present.

The single-hearted unity around the leader is a true look of chuche Korea. Today, our people live with the idea of single-hearted unity, advance with the trait of single-hearted unity, and continuously achieve victories by using the might of single-hearted unity.

The invincible might of our revolutionary ranks united as one lies in their upholding the great leader at the center of their unity. Our single-hearted unity is the single-hearted unity that has firmly accomplished the center of the unity generation after generation, by upholding the great leader [yongdoja] Comrade Kim Chong-il, an extraordinary ideologist and theorist, a great politician, and an outstanding military strategist, as the leader [suryong].

The great leader Comrade Kim Chong-il has both literary and military accomplishments and traits of fulfilling loyal and filial duties. Since he launched into the implementation of the chuche revolutionary cause, he has brilliantly succeeded and developed the tradition of the single-hearted unity, considering it his revolutionary philosophy.

The great leader Comrade Kim Chong-il has further developed and enriched the chuche idea and prepared valuable ideological and theoretical assets, which make it possible to consummate the socialist cause, in accordance with the demand of developing reality and revolution. He has wisely led the entire party and society to be filled with the anti-Japanese martyrs' thoroughly revolutionary leader's view. He also intensified the work



of establishing the party's unitary ideological system and unitary leadership system and the struggle to implement mass lines, so that he could considerably strengthen the party. He hardened the blood relations between the party and the masses to be invincible.

He took care of all members of society, embracing them in his bosom, by practicing the human-oriented politics of love and trust, and let them become masters of the revolution and construction. Thus, our people have become the only people in the world who are blessed with good leaders generation after generation, who are carrying out the revolution, upholding the great leader Comrade Kim Chong-il, who is best in the world in ideas, leadership, and traits, as the leader [suryong] at the center of their unity.

We should uphold the great leader Comrade Kim Chong-il, faithfully fulfilling our loyal and filial duties for him, and consummate the *chuche* revolutionary cause, the socialist cause, that was pioneered under the banner of unity, upholding the banner of unity.

We should brilliantly inherit and develop our honorable revolutionary traditions, pioneered and victoriously advanced under the banner of single-hearted unity and further harden the revolutionary ranks' single-hearted unity, the perfect unity. By doing so, we should vigorously hasten the achievement of the ultimate victory of the cause of man's independence, the socialist cause.

**'Unattributed Talk' on 11 Feb**

*SK1302031195 Pyongyang Korean Central  
Broadcasting Network in Korean 0925 GMT 11 Feb 95*

[Unattributed talk: "The Wholehearted Unity Centered Around the Leader is the Core of Our Party's Revolutionary Tradition"]

[FBIS Translated Text] Our people feel the greatest pride and self-respect whenever they recall our revolution's history of struggle that traversed the single road of victory and glory; because the party is ever-victorious, our country and our fatherland is rich, strong, and mighty; and the nation has an endlessly bright future because they carry out the revolution with the glorious revolutionary tradition upholding the great leader [widaehan yongdoja] Comrade Kim Chong-il.

The respected and beloved leader stressed that the Korean revolutionaries and people should unite centered around the leader [yongdoja], and win victories based on the wholehearted unity. He regarded this unity as the fundamental requisite to our revolution's victory throughout the entire period of leading the revolution.

In fact, the wholehearted unity centered around the leader can only be achieved by the most outstanding leader of the revolution, the great leader, who precisely foresees even the distant future of the times and the revolution and leads the popular masses' revolutionary struggle along the single road of victory.

The wholehearted unity of the revolutionary ranks centered around the leader began to be achieved when our people upheld the respected and beloved Comrade Kim Il-song, the great leader of the people of the era of independence.

The great leader Comrade Kim Il-song who undertook the road of the revolution, shouldering the destiny of the country and the nation all by himself, declared that the realization of the unity and cohesion of the revolutionary ranks based on the *chuche* idea is the fundamental problem determining the destiny of the revolution and the future of the nation, and devoted all his energy and pains to the resolution of the problem. Created in this course for the first time in the Korean revolution was the shining tradition of the unity and cohesion centered around the leader, the unity and cohesion based on the leader's revolutionary idea, the unity and cohesion of the revolutionary ranks based on the revolutionary fidelity and comradeship between the leader and the fighters.

Our wholehearted unity became the lifeline of the Korean revolution in the annals of the revolution, and it has now reached the highest plane in which the leader, the party, and the masses are wholeheartedly united.

The wholehearted unity centered around the leader is the core of our party's revolutionary tradition. The great leader Comrade Kim Il-song taught: The wholehearted unity centered around the leader is the core of our party's revolutionary tradition.

What constitutes the core of the party's revolutionary tradition is the fundamental factor that determines the might and vitality of the revolutionary tradition. The core of our party's revolutionary tradition is the wholehearted unity centered around the leader. That the core of our party's revolutionary tradition is the wholehearted unity centered around the leader means that the wholehearted unity is the basis of the revolutionary tradition and that this unity plays the leading function and role in realizing and developing other areas of the revolutionary tradition as well.

The core of our party's revolutionary tradition is the wholehearted unity centered around the leader because, above all, it played a decisive role in achieving victory in the anti-Japanese revolutionary struggle. The revolutionary tradition is formed in the course of the popular masses' struggle to realize the independence under the leader's leadership. In this sacred struggle, the decisive guarantee for victory is the wholehearted unity centered around the leader, the unity of the main forces of the revolution, namely, the leader, the party, and the masses.

Our revolution's precious tradition was founded in the days when the respected and beloved leader Comrade Kim Il-song realized the wholehearted unity of the revolutionary ranks and achieved victory in the anti-Japanese revolutionary struggle with the might of the wholehearted unity. When all of our nation's anti-Japanese patriotic movements underwent frustrations



and failures under the Japanese imperialists' harsh suppression, and when the prospects for the revolution were dismal because our communist movement was divided and destroyed by the factionalists and flunkeyists, the respected and beloved leader was deeply aware of the revolutionary truth that, united we win and divided we lose, and unfolded the new history of the revolutionary ranks' unity and cohesion.

The respected leader's efforts and pains dedicated to the wholehearted unity of the revolutionary ranks were expressed in the slogans, "Let us unite with one ideology and one intention!" and "You should mingle with the people!" which were put forward by him for the young communists of the new generation. They were also expressed in the fact that he warmly led the communists and people so that they attain firm ideological and unswerving unity based on comradeship and a sense of obligation, and that he crushed separatist maneuvers of the factionalists and flunkeyists at Dahungwai meeting and Yaoyinggou meeting and set fire to the Minsaengdan's document bundle in the Maanshan District.

Indeed, the respected leader Comrade Kim Il-song was the center of unity around which a million, no, 10 million people could unite, and was the most outstanding leader [yongdoja] of the people and the great leader [suryong] of the revolution.

Thus, the young communists, such as Kim Hyok and Cha Kwang-su, and anti-Japanese revolutionary martyrs, such as Comrade O Chung-uk, cherished the firm faith that their destiny and that of the fatherland and people depended on the respected leader, and fought for national liberation in firm unity centered around the leader [suryongnim].

If there was no wholehearted unity centered around the leader [yongdoja], the Korean revolution would have been frustrated even at its dawn and our people would have been unable to get rid of the destiny of colonial slaves forever.

Therefore, when we talk about the revolutionary tradition of our party, we cannot but stress the wholehearted unity of the revolutionary ranks that enabled us to attain victory in the anti-Japanese revolutionary struggle.

The wholehearted unity centered around the leader, constitutes the core of our party's revolutionary tradition, because all assets contained in the revolutionary tradition are closely linked to wholehearted unity, and because they were created by the strength of the wholehearted unity.

The revolutionary tradition of the party of the working class contains precious assets with everlasting significance in attaining the ultimate victory of the revolution. In order for such assets to be created, developed, and enriched, the wholehearted unity centered around the leader [yongdoja] should be provided and voluntary

functions and the role of the revolutionary forces that have attained the wholehearted unity should be guaranteed.

The chuche idea system, immortal revolutionary achievements, precious struggle experience, the revolutionary working method, and popular working style, which make up the basic content of our party's revolutionary tradition, created amid the flames of anti-Japanese revolutionary struggle, were, all in all, created by the ranks that upheld the great leader [suryongnim] and his leadership with wholehearted unity.

The wholehearted unity centered around the leader, which was created during the anti-Japanese revolutionary struggle, has been consistently inherited and further consolidated and developed throughout the entire course of our revolution from national liberation up to the present.

The wholehearted unity centered around the leader has become the genuine shape of chuche Korea. Today, our people live with the idea of wholehearted unity, advance with the spirit of wholehearted unity, and are making a long drive by taking advantage of victory with the might of wholehearted unity.

The indomitable might of our revolutionary ranks that attained the wholehearted unity, lies in the fact that we are upholding the great leader [yongdoja] in the center of unity.

Our wholehearted unity firmly inherited the generation of the center of unity by upholding as the leader [suryonguro] the great leader [yongdoja] Comrade Kim Chong-il—uncommon thinker and theoretician, great politician and outstanding military strategist.

The great leader Comrade Kim Chong-il assumed wholehearted unity as revolutionary philosophy since he embarked on the road of carrying out the chuche revolutionary cause with a sense of loyalty and filial piety by attaining both military and literary achievements. He brilliantly inherited and developed the tradition of wholehearted unity.

The great leader Comrade Kim Chong-il further developed and enriched the chuche idea in compliance with the demand of the times and of the development of the revolution, and provided precious ideological and theoretical assets with which we can accomplish the socialist cause to the end. He wisely led, so that the thoroughgoing revolutionary outlook of the anti-Japanese revolutionary martyrs on the leader is permeating the whole party and society.

He developed onto a new, higher stage the work of establishing the party's monolithic guidance system—the party's monolithic ideological system—as well as the struggle to carry to accomplishment the mass line. Thus, he markedly strengthened the party and consolidated blood ties between the party and the masses.



He embraced all members of society in his benevolent bosom with the politics of benevolence, virtue, love, and trust, thus warmly taking care of them, and made them the masters of the revolution and construction.

As a result, our people have become the people who are carrying out the revolution by upholding the great leader Comrade Kim Chong-il, who is the best in the world in terms of ideology, leadership and traits, in the center of unity as the leader [suryonguro]. We have the blessings of the leader, which are inherited generation after generation and which no other people in the world can enjoy.

We should uphold the great leader [yongdoja] Comrade Kim Chong-il with loyalty and a sense of filial piety, and should carry to accomplishment the chuche revolutionary cause—the socialist cause—which was pioneered under the banner of unity, by highly upholding the banner of unity.

By brilliantly succeeding to and developing the glorious tradition of our revolution, which was pioneered under the banner of wholehearted unity and which victoriously advanced, we should further consolidate the wholehearted unity—harmonious unity—of the revolutionary ranks centered around the great leader Comrade Kim Chong-il. Thus, we should vigorously expedite the ultimate victory of the socialist cause—the cause of mankind for independence.

#### **Paper Calls Kim Chong-il 'Peerless Patriot'**

*SK1302104095 Pyongyang KCNA in English 1029  
GMT 13 Feb 95*

[“Peerless Patriot Exalting Korea”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—NODONG SINMUN today stresses that the history of the revolutionary activities of the great leader of our party and people Comrade Kim Chong-il in carrying forward the revolutionary cause of chuche is a history of the noble efforts of a peerless patriot who has exalted our country, our motherland, and put patriotism above anything else.

In his autograph letter to all the people on the New Year's day, the great leader Comrade Kim Chong-il said:

“Let all of us work energetically in one mind to make our country, our motherland, more prosperous as befits the soldiers and disciples of the great leader Comrade Kim Il-song.”

The paper says in a by-lined article:

The patriotic will of respected Comrade Kim Chong-il is a high sense of responsibility to lead the Korean revolution to completion, shouldering all problems, big and small, facing the country and the nation; unexampled dedication in making efforts for the prosperity of our country, our motherland; and a staunch fighting spirit

without the slightest compromise and concession in matters concerning the dignity of the country.

The autograph letter reflects the plan and intention of Comrade Kim Chong-il to exalt our country forever as Korea where the great Kim Il-song nation lives, lead our motherland along a true path to prosperity, the road to socialism, and powerfully demonstrate the mettle of our motherland as the socialist homeland of chuche.

Our motherland designed and built by Comrade Kim Chong-il is a people's paradise where the people lead a cultured and happy life as required by socialism; a prosperous country where there is no class distinction and the idea of socialism has completely triumphed; and an ideal land of humankind which confidently hews out the road to communism in the van of the times.

To faithfully realise the behests of the fatherly leader President Kim Il-song on the building of a prosperous country with a loyal heart and filial piety and to achieve national prosperity our own way—this is the main feature of Comrade Kim Chong-il's guidance to make our country, our motherland, more prosperous.

In the 20th century, our motherland revived and set out on the track of leaping progress under the plan and guidance of the fatherly leader and the 21st century will shine as a glorious century when the far-reaching plan of Comrade Kim Chong-il for the prosperity of posterity will be realised and the dignity and grand appearance of our country, our motherland, will be displayed on the highest plane.

#### **Paper Praises Kim Chong-il Feats for Revolution**

*SK1202110395 Pyongyang KCNA in English 1036  
GMT 12 Feb 95*

[“MINJU CHOSON on Immortal Feats of Comrade Kim Chong-il”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—MINJU CHOSON on Saturday devoted one whole page to an editorial article on the immortal feats performed by respected Comrade Kim Chong-il for the era and the revolution.

The feats performed by respected Comrade Kim Chong-il for the era and the revolution, the country and the people in the whole course of leading the popular masses' cause of independence, cause of socialism, are the greatest and brilliant exploits of the century without an equal in their width and depth, preciousness and attraction, the article says, and goes on:

For his immortal feats which will shine through generations with the century, the great Comrade Kim Chong-il enjoys undisputed trust and deepest respect from the Korean people and the world progressive people as the publicly recognized sagacious leader of the revolution whom no one in the world can match, and is highly



praised as the leader who will triumphantly adorn the present century and lead the 21st century.

An immortal feat of the great leader Comrade Kim Chong-il is that he has developed in depth the chuche-based idea of socialism and completed it by enriching it with a new content. He formulated the immortal chuche idea as a revolutionary idea praised in combination with the august name of the respected leader Comrade Kim Il-song and solemnly declared it to the world. This was the historic event of a most successful fulfilment of an urgent task of the era.

He was the first in the history of human thought to put forward the idea and theory on the driving force of the revolution, thus making immortal contributions to completing the chuche-based theory on socialism.

It is an immortal feat of the great leader Comrade Kim Chong-il to have turned our country liberated and built by the respected leader Comrade Kim Il-song into an invincible socialist fortress.

The great leader Comrade Kim Il-song said:

"We should call it a distinguished contribution of Comrade Kim Chong-il that he has turned the whole society into a strong driving force in which the party and the popular masses are welded into one socio-political organism and has brought a great historic change in transforming nature and society with the might of the driving force."

To carry the revolutionary cause of chuche pioneered by the great leader Comrade Kim Il-song to completion is the unshakable resolution of respected Comrade Kim Chong-il and the invariable faith and will of our party and people.

When the entire people absolutely worship respected Comrade Kim Chong-il, uphold him in the centre of unity with spotlessly clean loyalty and filial piety and unite rock-firm around him, we will not fear any formidable enemy and can surely accomplish the socialist cause even in grim ordeals of history.

#### **Peruvian University Awards Kim Il-song Degree**

*SK1302064795 Pyongyang KCNA in English 0539 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—The great leader President Kim Il-song was awarded the degree of honorary doctor in pedagogy at Chiclayo University of Peru.

An awarding ceremony was held at the university on Feb. 8.

The president of the university in his speech said:

President Kim Il-song, the great leader of the Korean people and the world revolution, is a paragon of most distinguished and greatest educator of the world.

President Kim Il-song gave a perfect exposition of all theoretical and practical questions arising in the education of the rising generation and the training of native cadres by thoroughly establishing chuche in national education and expounding the unique educational idea and theory on applying the method of education suitable to the specific conditions of the country.

The excellent experiences established by President Kim Il-song in the development of education in the country and principles and theories of socialist pedagogy put forward by him are a good textbook not only at our university but also in all educational fields of the world.

A decision of the university on awarding the degree of honorary doctor in pedagogy to President Kim Il-song was read out and the diploma and medal of honorary doctorate were handed to the Korean ambassador to Peru by the president of the university.

#### **Decree Issued on Kim Il-song Commemorative Coins**

*SK1202095095 Pyongyang KCNA in English 0839 GMT 12 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 12 (KCNA)—A decree of the Central People's Committee of the Democratic People's Republic of Korea on issuing the commemorative coins "The great leader Comrade Kim Il-song will always be with us" has been published.

The decree dated February 8 says that the respected leader Comrade Kim Il-song was a great revolutionary, a great leader and the affectionate father of the people who conducted energetic activities till the last moments of his life for the freedom and happiness of the people, the honor and prosperity of the country, the reunification of the country and the human cause of independence, going through all hardships and difficulties on the road of the revolution and successfully realized everything precious desired by our people.

According to the decree, the DPRK Central People's Committee decided to issue the commemorative coins "The great leader Comrade Kim Il-song will always be with us" by reflecting the deepest reverence and intense loyalty of our people to hold the great leader in high esteem forever, always remembering him.

The DPRK Central Bank will issue the commemorative coins in gold and silver.

Embossed in the centre of the obverse of the gold coin is the tender image of President Kim Il-song with the words "The great leader Comrade Kim Il-song will always be with us" surrounding it and the letters "July 8, 1994" beneath it.

Embossed in the centre of the reverse of the gold coin is the national emblem of the DPRK, with the words "Central Bank of the Democratic People's Republic of Korea" in the upper part and the gold purity, weight and the face value in the lower part of the circumference.



The size of the gold coin is 35 millimetres in diameter and it is pure gold.

The pictures on the obverse and reverse of the silver coin are the same with the gold coin. It is 40 millimetres in diameter and is pure silver.

### **Economic Achievements of Working People Reported**

*SK1302104595 Pyongyang KCNA in English 1034 GMT 13 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 13 (KCNA)—The working people of Korea have brought a signal upswing in production on the threshold of the greatest auspicious holiday of the nation.

The Anju, Pukchang, Sunchon and Kaechon area coal complexes are topping their daily quotas by more than 20 percent.

The colliers of the Choyang, Hyongbong, Nyongdung and Nyongdae coal mines have boosted coal output 20 to 40 percent by introducing tunnelling methods suitable to the pit conditions.

The Pyongyang Thermal Power Complex, the East Pyongyang Thermal Power Plant, the Hochongang, Changjagang and other power stations are surpassing their daily assignments.

The factories under the Ministry of Chemical Industry have boosted the output of chemical fertilizers 4 percent above the same period of the previous month. The daily fertilizer output at the Namhung Youth Chemical Complex has shown a 16.5 percent gain over the same period last year.

The Locomotive Corps under the Ministry of Railways have carried tens of thousands of more tons of freight than the plan in the recent ten days in their increased transport drive.

The Rakwon Machine Complex, the Kumsong General Tractor Works, and light industrial factories are keeping production at a high and steady rate.

The agricultural workers greeting the auspicious holiday of February are concentrating on farming preparations to reap a bumper crop again in this significant year.

The State Paekam Farm of the Sukchon County Agricultural Complex, the Nyongrim Cooperative Farm in Mundok County, the Unha Cooperative Farm in Unjon County and other farms in plain areas have completed the production of compost. They are now carrying it out to the fields.

### **South Korea**

#### **Upcoming Meeting With U.S. on N-S Accord Noted**

##### **Minister Kong Returns, Comments**

*SK1202085395 Seoul KBS-1 Radio Network in Korean 0800 GMT 12 Feb 95*

[FBIS Translated Text] The ROK-U.S. discussion to formulate specific follow-up measures to implement the

U.S.-North Korean nuclear agreement, such as the resumption of inter-Korean dialogue, will be held in Seoul next week, said Foreign Minister Kong No-myong.

Foreign Minister Kong No-myong, who returned home today from his trip to the United States, the United Nations, and Japan, said that during the upcoming ROK-U.S. working talks, at which Assistant Secretary of State Lord will participate from the U.S. side, the two sides will discuss specific ROK-U.S. measures, such as the resumption of inter-Korean dialogue.

Foreign Minister Kong No-myong said that the United States and the ROK will further discuss the Team Spirit-95 exercise, and that the launching of the Korea Energy Development Organization, which was expected toward the end of this month, is likely to be postponed until early March owing to the Japanese position connected with its domestic situation.

#### **Winston Lord Said Delegation Head**

*SK1202095595 Seoul YONHAP in English 0944 GMT 12 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP)—A working-level U.S. delegation is set to visit Seoul next week to discuss with Korean officials overall matters related to the implementation of the U.S.-North Korea agreement, Foreign Minister Kong No-myong said Sunday.

While meeting with reporters at airport on his return home from a tour of Washington, United Nations headquarters and Japan, Kong said the U.S. Mission will arrive around Feb. 20.

The delegation will be led by Winston Lord, assistant secretary of state for East Asian and Pacific affairs.

"Discussions will be centered on ways to cope with Pyongyang's refusal to adopt the South Korean model of light-water reactors and their rejection of South-North dialogue," a source said.

Other topics, he said, will include the possibility of replacing the Korean Armistice Agreement with a peace agreement and the proposed inauguration of a Korea Energy Development Organization (KEDO).

The source said that the upcoming meeting will study the issue of resuming the Team Spirit military exercise should North Korea continue to reject the Korean-style reactors and inter-Korean talks.

On the time of the creation of proposed liaison offices in Washington and Pyongyang, the source said South Korea and the United States share the view that liaison offices will not be set up until there will be a significant progress in South-North dialogue.

The U.S. delegation will comprise five to six State Department officials in addition to Assistant Secretary Lord.



The Korean team, to be led by First Assistant Foreign Minister Yi chang-choon, will include officials from Chongwadae [presidential offices] and Foreign and Defense Ministries.

### **U.S. Lord's Visit Previewed**

*SK1302074195 Seoul CHUNGANG ILBO in Korean 13 Feb 95 p 5*

[Article by reporter Kim Song-chin]

[FBIS Translated Text] Winston Lord, U.S. assistant secretary of state for East Asian and Pacific Affairs, who will visit the ROK on around 21 February, and his party will have in-depth discussions with our government officials on the ways to secure the implementation of the North-U.S. agreement on the nuclear issue.

Their visit was scheduled abruptly because the prospects for the implementation of the nuclear agreement have become somewhat gloomy as a result of North Korea's strongly rejecting the South-North Korean dialogue and ROK-style light-water reactors, even though it is faithfully implementing all other parts of the nuclear agreement.

Because of this, during his visit to the United States last week, Foreign Minister Kong No-myong conveyed our government's clear position that the liaison offices of the North and the United States should not be established before there is any progress in the South-North Korean dialogue. And, he pointed out that in case the ROK-style light-water reactors are not adopted, the North-U.S. agreement cannot but go back to the starting point.

The U.S. side, too, is well aware of the fact that in case there is no progress in ROK-North Korean relations, the entire project of supplying light-water reactors can come up against a snag. Therefore, the U.S. side has reportedly expressed its great sympathy with our government's stance.

On the basis of such a perception, the United States has conveyed to our side its position that the ROK and the United States need to negotiate closely, while focusing on the point that the implementation of the nuclear agreement has close links with various pending issues between South and North Korea, between the North and the United States, and between the ROK and the United States, particularly with the unification of South and North Korea.

With a view to having such negotiations, the United States is dispatching a delegation—led by Assistant Secretary Lord—which is composed of officials from the Department of State, the Department of Defense, the White House, and the National Security Council.

The U.S. officials will hold negotiations with our side's delegation, composed of working-level officials from the National Unification Board, the Foreign Ministry, the

Ministry of National Defense, and Chongwadae [presidential offices] in order to review a relevant policy comprehensively to guarantee the implementation of the North-U.S. agreement.

The upcoming negotiations will discuss in detail ways to make progress in the South-North dialogue; the timing of the opening of the liaison offices of the North and the United States; the establishment of the Korea Energy Development Organization (KEDO) and the cost sharing to be incurred; the adoption of the ROK-style light-water reactors; the establishment of a peace agreement system; and the Team Spirit exercise.

On the basis of this, the ROK and the United States will put forth a new proposal to the North Korean side to achieve substantive progress in the North-U.S. agreement so that North Korea can accept ROK-style light-water reactors and respond to the South-North dialogue.

With this, it is predicted that the work to tighten the reins of North Korea, which has begun making irrelevant remarks and acts, will start in earnest.

The proposal will reportedly include the idea of giving obvious profits to North Korea so that it can respond to the South-North dialogue. It has been also learned that the two countries will make large-scale investments in North Korea's Tumen River development project, while actively pushing for the UN-initiated South-North joint-venture projects which have been agreed upon between Minister Kong and UN Secretary General Butrus Butrus-Ghali.

The two countries will also have detailed discussions on the organization of KEDO, which is scheduled to be formed at the end of this month, and the cost sharing, which will emerge as a core issue.

In the meanwhile, with Assistant Secretary Lord's visit to the ROK, the two countries will establish a permanent dialogue channel between the ROK and the United States, which will discuss the questions of the Korean peninsula, including the unification of South and North Korea, on a permanent basis.

### **Seoul Reportedly Threatens KEDO Withdrawal**

*SK1202020595 Seoul HANGUK ILBO in Korean 12 Feb 95 p 1*

[By Washington correspondent Chong Chin-sok]

[FBIS Translated Text] It was learned on 10 February, Washington time, that the ROK Government officially notified the U.S. Government that if North Korea and the United States open liaison offices before North Korea accepts the ROK-model light-water reactors, the ROK would withdraw from the Korea Energy Development Organization [KEDO] and completely cancel its plan to supply light-water reactors to North Korea.

ROK and U.S. diplomatic sources said that day that ROK Foreign Minister Kong No-myong notified the



United States of the ROK Government position during his talks with U.S. Secretary of State Warren Christopher in Washington on 6 February and that he flatly said that "this is the ROK Government's final position."

#### **Foreign Ministry Denies Report**

*SK1202023095 Seoul YONHAP in English 0219 GMT 12 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 12 (YONHAP)—The Foreign Ministry on Sunday denied as "totally unfounded" a local report that South Korea intends to withdraw from the Korea Energy Development Organization (KEDO) if Washington and Pyongyang exchange liaison offices before the formal adoption of Korean-style reactors for North Korea.

A ministry spokesman said that the Korean and U.S. foreign ministers did not take up any matter of this nature during their recent meeting in Washington.

The vernacular daily HANGUK ILBO said in a dispatch from Washington Sunday morning that at the Korea-U.S. foreign ministers meeting held in Washington last Feb. 6, Foreign Minister Kong No-myong formally informed the United States that Seoul would bolt from the KEDO and scrap planned support for reactors if liaison offices are set up before North Korea accepts South Korean-style reactors.

"It was made clear that this is a final position of the South Korean Government," the HANGUK report said quoting South Korean and U.S. sources.

The ministry spokesman said South Korea and the United States have decided to closely consult with each other on the time of the creation of such liaison offices.

#### **Seoul, U.S. 'Considering' Resuming Team Spirit**

*SK1202133695 Seoul KBS-1 Television Network in Korean 1218 GMT 12 Feb 95*

[FBIS Translated Text] The ROK and the United States are considering resuming the Team Spirit exercise in March, which they suspended in 1994, on a significantly reduced scale, Japanese YOMIURI SHIMBUN reported today. Correspondent Yuk Yun reports from Tokyo:

[Begin Yuk Yun recording] The ROK and the United States are considering conducting the Team Spirit annual joint military exercise, which they suspended in 1994, from 28 March to 2 April on a small scale with 30,000 troops, a quarter of the scale of the 1993 exercise, the Japanese press, including YOMIURI SHIMBUN, reported today.

This report, citing a diplomatic source in Seoul, analyzed that this plan may be aimed at urging the North Korean side to accept the ROK-type light-water reactors as the United States is to sign an agreement on furnishing light-water reactors with North Korea by 21 April.

The Japanese press, however, stated that because North Korea will object strongly, it will be noteworthy to observe how this development will affect the U.S.-North Korean light-water reactor negotiation and inter-Korean dialogue.

Prior to this, North Korea, through its party organ NODONG SINMUN, stated that the resumption of the Team Spirit exercise will adversely affect the atmosphere for reconciliation on the Korean peninsula and that if the United States enforces the exercise, it should be held responsible for all the consequences arising therefrom. [end recording]

#### **Defense Ministry Denies Report**

*SK1302003595 Seoul TONG-A ILBO in Korean 13 Feb 95 p 2*

[FBIS Translated Text] In connection with Japan's YOMIURI SHIMBUN's 12 February report that the Team Spirit exercise will be held in late March, the Defense Ministry has revealed: "No concrete decision has been made between the ROK and the United States on whether the exercise will be held this year." A high-ranking Defense Ministry official said: "There is only a principled position that there is a possibility that the Team Spirit exercise will be resumed if North Korea does not sincerely implement the agreed upon matters of the Geneva agreement. If the exercise was to be held in late March, the U.S. Forces should have already left for the ROK. Therefore, it is untimely to say that the Team Spirit exercise will be held in late March."

#### **New U.S. Asia-Pacific Strategy 'Draft' Viewed**

*SK1102120695 Seoul CHUNGANG ILBO in Korean 11 Feb 95 p 1*

[Report by Kim Min-sok and Chong Son-ku]

[FBIS Translated Text] The United States has reportedly established a policy to maintain U.S. Forces in Korea at the current level with an emphasis on the Navy, Air Force, and intelligence; and have the ROK take charge of ground forces. The "New Asia-Pacific Strategy"—which was obtained on 11 February and which will soon be announced by the United States—stipulates that as the relative superiority of U.S. Forces in a war situation will be in the Navy, Air Force, and the intelligence fields, ground forces will be maintained at a minimum level because their role will be to deter the war through automatic intervention.

CHUNGANG ILBO exclusively obtained the draft strategy, which stipulated that "in the event a conflict explodes on the Korean peninsula, the ROK will supply the main ground forces, even if U.S. Forces are deployed. U.S. Forces in Korea will gradually shift from a leading to an assisting role." Thus, the shift towards the ROK assuming the leading role will continue.



To the ROK, the U.S. strategy is positive in terms of strengthening the preparedness for a threat from North Korea and maintaining stability on the Korean peninsula by freezing the reduction of U.S. Forces in Korea. On the other hand, there are many problems with the ROK focusing on ground forces.

The Security Issues Institute of the National Defense College concluded in an analysis and evaluation of the draft that "this strategy should be observed with caution because it may hinder the balanced development of ROK Forces and prolong dependence on the United States."

The draft limited the ROK Naval modernization program to "coastal defense ships," thus reducing the ROK Navy's function to defending the coast of the Korean peninsula. This contradicts the interests of the ROK, which intends to reinforce its own combat capabilities.

A ROK Defense Ministry official expressed his concern by stating: "The United States has directly and indirectly deterred the reinforcement of the ROK Navy and Air Force. The New Asia-Pacific Strategy further confirmed the U.S. intention."

According to the draft, U.S. Forces in Korea includes the 2d Division with two heavy brigades and one air wing, and the 7th Division with one tactical air wing. Regarding the share of the defense cost, the draft maintains that "the ROK's share of the defense cost is expected to increase," making the ROK's increased share an established fact. The ROK Defense Ministry demands this portion be amended, causing a controversy between the ROK and the United States. The draft also includes that the strategic concept that the deterrence of North Korea is more important than a war victory in order to avoid expected enormous damage to Seoul in case of a war on the Korean peninsula. The draft also asserts that despite the settlement of the North Korean nuclear issue following the North Korean-U.S. Geneva agreement, North Korea's conventional weapons still pose a threat; and that Japan is to share an important role as an ally for security.

The ROK Government received three drafts of the New Asia Pacific Strategy—in November and December 1994, and on 11 January. The ROK Government requested that the United States add a new clause to the draft stating a peace agreement should be signed by parties concerned in South and North Korea and that the clause on an increased share of the defense cost be amended.

#### **'Smooth' Trade Ties With U.S. at 'Korea's Cost'**

SK1202035095 Seoul THE KOREA TIMES  
(Supplement) in English 12 Feb 95 pp 2, 4

[FBIS Transcribed Text] Despite lingering disputes in some industrial sectors, administration officials deem the current trade relationship between Korea and the United States to be "smoother" than ever before.

"Since 1991 when the trade imbalance was eased, we have been on smooth terms with the U.S. continuously as far as two-way trade is concerned," said Han Tok-su, assistant minister for trade policy at the Trade, Industry and Energy Ministry.

The "smooth" ties, as they put it with an accent as Minister Pak Chae-yun visits Washington, however, have come only at Korea's cost.

Threatened by the specter of Super 301 in 1989, Korea conceded to U.S. requests for the opening of the agricultural market, improvement of investment conditions, lifting of import restrictions and compliance of standard, inspection and licensing systems with the General Agreement on Tariffs and Trade.

It is speeding up a five-year tariff reduction program and abolishing non-tariff barriers in a voluntary import liberalization program that is in conformity with the new world trade order supported by the Kim Yong-sam administration, officials said.

Separately from negotiations at such international bodies as the World Trade Organization, Korea and the United States have high-level channels to settle bilateral economic and trade issues, if they appear.

The Presidential Economic Initiative, taken during then U.S. president George Bush's visit to Seoul in 1991, enables them to improve the business climate, largely for the benefit of Americans active here, in the fields of customs clearance, investment, standardization and technology.

More recently, the two countries organized the Dialogue on Economic Cooperation on the occasion of Bill Clinton's Seoul visit in 1993. Headed by assistant ministers, the dialogue focuses on investment, administrative practices and systems, taxation and competition policy.

They also have working-level and private dialogue channels including the Korea-U.S. Economic Council and its subcouncils, the Trade Action Group involving the U.S. Embassy in Seoul and the AmCham conference.

Some of them primarily function as pipelines through which Americans put pressure on Koreans in direct and effective ways unilaterally, rather than as negotiating tables at which the two parties concerned can negotiate issues on an equal footing.

Still, U.S. calls for more access to the Korean market are escalating.

An old but unwavering issue concerns automobile trade. In a package of compromise proposals last June, Korea committed itself to lowering tariffs from 10 percent to 8 percent, abolishing a 15-percent capital gains tax on luxury cars worth 70 million won or more and lifting regulations on the size of show rooms, commitments all carried out this year.



The package was also as detailed as to include the administration's reaffirmation of its decision not to subject purchasers of foreign-built cars to tax audits only for the reason of their possession, invitations of American auto trade missions and admission of U.S. cars to a Seoul motor show in May.

Washington now demands a further cut in tariffs to below 2.5 percent and even a revamp of the domestic taxation system especially regarding special excise taxes, registration taxes and obligatory purchases of subway bonds.

Local carmakers complain about the administration's low-key approach to U.S. demands, noting that the United States has a two-tier tax rate—2.5 percent on passenger cars in which its industry is strongly competitive and as high as 25 percent on trucks in which it is not.

And Korea's concessions do not mean a full blessing for American manufacturers, given no efforts of their own to tailor their products to the taste and needs of potential Korean customers.

Korea's auto imports surged 112.7 percent to 3,922 units last year, chiefly due to the influx of Mercedes-Benzes, BMWs, Volvos, Renaults and other European cars, official figures showed.

Imports of American cars hiked 48.2 percent to 2,004 units while imports of European cars soared 288.5 percent to 1,216 units. Without the Mercury Sable, which is priced similarly to domestically built cars with an engine capacity of 3,000cc like the Hyundai Grandeur and Kia Potentia, shipments from the world's largest auto producing country would have been less than those from Europe.

Administration officials and business analysts think that Korea's foreign-car market will be flooded with stylish and cheaper Japanese cars once they are allowed in.

Car imports from Japan have long been prohibited under the "Import Source Diversification Policy" aimed at reducing Korea's trade deficit with Japan but Seoul will have to abandon the discriminatory step before it joins the organization for Economic Cooperation and Development next year. The Trade, Industry and Energy Ministry recently, last year's trade deficit is estimated at 1.2-1.3 billion dollars, the largest yearly red figure ever.

Korea exported 18,390 million dollars worth and imported 19,333 million dollars worth of goods during the January-November period last year. During the period, exports increased 11.5 percent and imports surged 18.5 percent.

The 11-month deficit of 943 million dollars is likely to have expanded to over 200-300 million dollars in December, officials said. The annual final tally is now being compiled and is due to come out next week.

Officials worried that Korea's deficit with the United States might further expand as local products are losing competitiveness in both price and quality in their so far largest market while domestic companies are increasing imports, especially of capital goods, with the business boom.

As is often the case with international trade, however, there have been big disparities between the two countries' official trade statistics with imports intentionally swollen on different bases.

U.S. officials say in their own statistics that their country has experienced a 2,164 billion dollar deficit in trade with Korea with its exports and imports amounting to 14,460 million dollars and 16,077 million dollars, respectively, during the period.

#### **Samsung Seeks Equity Investment in U.S. Firm**

*SK1002125495 Seoul YONHAP in English 1143 GMT  
10 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP)—Samsung is moving to obtain an interest in the world's sixth largest computer company, AST of the United States.

A business source said Friday Samsung is negotiating with the American company for its equity investment. "But I understand how much Samsung will invest for what stake has not yet been set," he added.

Capitalized at 383 million dollars, AST sold 1.2 million personal computers (PC) to take up a 3-percent share of the U.S. PC market last year.

Although it registered sales totaling 2,367 million dollars last year, the company recently announced a downsizing plan to shut down a factory in California and slash its workforce by 6,900, or 10 percent, because of a business slump.

#### **U.S. Officials Cited on Nuclear, Trade Issues**

*SK1102114295 Seoul YONHAP in English 1120 GMT  
11 Feb 95*

[FBIS Transcribed Text] Washington, Feb. 10 (YONHAP)—U.S. officials participating in the Korea-U.S. 21st Century Committee meeting that closed here Friday warned that if North Korea continued refusing to talk with South Korea and to accept the South Korean model reactor, it would risk losing the nuclear deal with the United States in Geneva last October.

In a press release of his speech at the closed-door meeting, Undersecretary of State Peter Tarnoff said it would be impossible to make any progress in the implementation of the Geneva deal unless and until the suspended inter-Korean dialogue is resumed.

Assistant Secretary of State Winston Lord, welcoming Seoul's overtures to Pyongyang for resuming the dialogue, expressed hope for early resumption of the discussion.



As for Korea-U.S. trade issues, the officials charged that South Korea is elaborately building non-tariff trade barriers on the one hand and pushing ahead with market opening plans on the other.

A ranking State Department official in charge of economic affairs warned in a keynote speech that if South Korea slowed down the market opening pace and continued pursuing the policy against foreign goods, there would arise problem in Korea-U.S. economic relations and American investors in South Korea would move to other Asian markets.

President Kim Yong-sam conducted reform programs in the past two years and recently announced plans to globalize the Korean economy, but many Americans suspect that his economic reform drive has slowed down or even has come to a halt, he said.

South Korea's foreign investment environment has worsened and it is lagging behind other Asian nations in opening the financial market.

Kim Hak-chun, board chairman of Dankook University in Seoul, said South Korea could make arms reduction overtures to the North for building a military relationship of mutual trust, refraining from making provocative remarks to the North Koreans, in dealing with the North's call for a peace treaty with Washington.

In a speech on Seoul's unification and foreign policies, Kim suggested that South Korea would consider repatriating North Korean prisoners held since the Korean war in exchange for the North's return of South Korean fishermen captured for violation of North Korean waters.

It is desirable to hold an inter-Korean summit when a new leader officially rises to power in North Korea, and former U.S. President Jimmy Carter would be instrumental in arranging such a summit, as he was before Kim Il-song's death, he said.

#### **U.S. Linked to DPRK 'Unreasonable Demands'**

*SK1102062395 Seoul KYONGHYANG SINMUN in Korean 11 Feb 95 p 3*

[Editorial: "Implementing the DPRK-U.S. Agreement Without North-South Dialogue"]

[FBIS Translated Text] North Korea's strong position to exclude the ROK from the process of improving its relations with North Korea has driven the DPRK-U.S. agreement to a crisis. North Korea rejected the ROK-model light-water reactors at the experts talks in Berlin. It even rejected the U.S. request to resume North-South dialogue. Then, the United States warned that it might cancel the DPRK-U.S. agreement if North Korea did not fulfill its promise to resume North-South dialogue. We think the DPRK-U.S. agreement, which was concluded with difficulties, should not be derailed by North Korea's narrow-minded position.

North Korea rejected the North-South dialogue, saying implementing the DPRK-U.S. agreement and resuming the North-South dialogue are separate matters. It also rejected the ROK-model light-water reactors, alluding to their "safety" and "reliability." If the DPRK-U.S. agreement and North-South dialogue were separate matters, the U.S. provision of light-water reactors to North Korea and the ROK provision of capital for light-water reactors would be separate matters. Yet, it is unimaginable for the United States and Japan to foot the entire bill. This is the reality.

Under these circumstances, North Korea, in a far-fetched manner, even requested an additional \$750 million to improve its power transmission facilities. Requesting an additional payment when North Korea's unrealistic demand has prevented the existing agreement from being implemented is against common sense. Foreign Minister Kong No-myong flatly stated in the United States that we cannot foot the bill for anything other than the light-water reactor bill.

Why in the world has North Korea continuously made those unreasonable demands? North Korea's "diplomacy of brinkmanship" requires unreasonable demands. This does not fully answer the question. We suspect that the ambiguous positions the United States has often shown may have led North Korea to make those unreasonable demands.

The U.S. State Department's reaction to North Korea's request for an additional payment was ambiguous, too. It once said that it did not consider paying for the auxiliary facilities, which would greatly increase the expenses for the light-water reactors. However, this time, it said: "We will consider a plan to provide auxiliary facilities necessary for the efficiency and safety of light-water reactors." This is an answer that truly leaves a lot of room for misunderstandings. When commenting on the resumption of North-South and the supply of the light-water reactors on the same day, the U.S. State Department said: "We want progress in North-South dialogue. The supply of the light-water reactors, however, is not linked to it." In this way, it again left room for misunderstandings.

The United States needs to make its positions on the resumption of North-South dialogue and the supply of the ROK-model light-water reactors clearer to more smoothly implement the DPRK-U.S. agreement.

#### **DPRK Rejects MAC Meeting on Polish Delegation**

*SK1102023095 Seoul CHOSON ILBO in Korean 11 Feb 95 p 3*

[FBIS Translated Text] As North Korea has threatened to make Poland, a member of the Neutral Nations Supervisory Commission [NNSC], withdraw from the Military Armistice Commission [MAC], in order to protest this, the UN Command [UNC] proposed to



North Korea that a MAC secretaries meeting be held on the morning of 10 February. However, North Korea rejected the request.

The UNC proposed that Colonel Shoemaker, secretary of the UNC side to the MAC, and Pak Im-su, representative of the North Korean side to the MAC, hold a secretaries meeting in Panmunjom at 1000 on 10 February. However, the North Korean side stated: "We will not attend a secretaries meeting unless it is to discuss the expenses for the repatriation of remains of UN troops who participated in the Korea war." As a result no meeting could be held. North Korea had asked Poland to withdraw from the NNSC since the end of last year. And, on 9 February North Korea more strongly threatened Poland by giving it the ultimatum that North Korea would consider the Polish MAC members to be illegal aliens and handle them according to the law unless they withdraw by the end of this month.

### Seoul Plans Position Shift on Foreign Policy

SK1102052695 Seoul YONHAP in English 0510 GMT  
11 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 11 (YONHAP)—South Korea will review its positions on a variety of regional issues in a major shift of foreign policy from the legacies of the Cold War era to a more sophisticated and national interest-oriented diplomacy, Vice Foreign Minister Yi Si-yong said Saturday.

The ministry will reconsider its traditional foreign policy of siding with the West in international meetings, to effectively tackle changing international politics at a one-week meeting of 94 ambassadors to embassies and international organizations to be held in the ministry starting Monday, said Yi. He added that the focus will be on departing from the diplomacy oriented to four major international powers including the United States, Russia, China and Japan.

"The ministry will review a variety of issues including narcotics, terrorism, conventional and nuclear weapons disarmament, regional security and other regional issues from the standpoint of globalization rather than the Cold War," said the vice foreign minister, briefing reporters on the annual home meeting of South Korean envoys to foreign missions.

Coming up with ways to effectively carry out the globalization envisaged by the Kim Yong-sam administration as this year's policy goal will be the main topic at the meeting of foreign envoys, according to the vice foreign minister.

The meeting will also discuss ways to evaluate performances of career diplomats working with the ministry in an effort to upgrade the quality of foreign service officials, said Yi who stressed the need for quality diplomacy to exercise the national power of the country in the globalizing world.

Among other issues to be discussed during the meeting are ways to cope with the emerging regionalism represented by the European Union (EU), North America Free Trade Agreement (NAFTA) and the Asia Pacific Economic Cooperation (APEC); the country's bids to host the Asian Games and World Cup soccer festival in 2002; the endeavor to join the United Nations Security Council (UNSC); the diplomatic efforts to help achieve reunification of the country; and the promotion of activities to publicize Korean culture in foreign countries, according to Yi.

### Speculations on Kim's DPRK Power Succession

SK1302055695 Seoul CHOSON ILBO in Korean 13  
Feb 94 p 9

[Report by Ku Song-chae]

[FBIS Translated Text] Over seven months have passed since Kim Il-song died. But Kim Chong-il has not succeeded to power, including to the post of the president of the state. In a debate arranged by the Kwanhun Club [ROK senior journalists club] on 10 February, Kim Tok, deputy prime minister for unification affairs, said that although Kim Chong-il appears to be exercising control over North Korea at present, he cannot definitely tell the timing of Kim's official succession. There have been various observations and analyses of Kim Chong-il's power succession, health, and so forth.

Yi Tong-pok, former special assistant to the director of the Agency for National Security Planning [NSP], said: "Power struggle involving the military is ongoing in North Korea."

Gary Luck, commander of U.S. Forces in Korea, also said recently in the U.S. Senate Military Affairs Committee that "some problems clearly seem to be taking place in the North Korean leadership group."

What is the cause for a power struggle? Concerning this, (Shaveriev) [name as transliterated], senior researcher of the Russia Far Eastern Affairs Research Institute, said in a seminar held in the Institute for Foreign Affairs and National Security in December last year that "The power struggle was touched off by the issue of distribution of power positions among ruling elite groups, including the party Central Committee and military intelligence organizations. U.S. Ambassador to ROK Laney pointed out: "There are some other people who have the right to decide certain specific issues besides Kim Chong-il."

Who are then the members of groups other than the Kim Chong-il group? The Japanese monthly magazine, YOMIURI, pointed out that Kim Yong-chu, Kim Il-song's younger brother, is Kim Chong-il's rival. Dr. Kim Yong-hun, a Korean resident in the United States, said after visiting China that he heard that "there was a gun battle between Kim Chong-il forces and Kim Pyong-il followers in Pyongyang."



What is Kim Chong-il's health condition? Deputy Prime Minister Kim observed that in view of Kim Chong-il visiting military units, his health is not so bad as to preventing him from working. What is the status of the North Korean power structure? THE FAR EASTERN ECONOMIC REVIEW in Hong Kong analyzed that "the publication of a 'joint editorial' in North Korea at the beginning of the new year, instead of using the New Year address, suggests the emergence of a collective leadership system." An expert in North Korean affairs said that "the North Korean political system is advancing with the party's Political Bureau members as the center."

Those who advocate Kim Chong-il's normality stress that "there is no force challenging Kim Chong-il." This allegation has been largely supported by former North Koreans who defected to the South. Then, why has Kim Chong-il not succeeded to power? In an interview by ALLGEMEINE in Frankfurt, Germany, Kim Yong-nam, North Korean vice premier and foreign minister, said that "it is a traditional custom for Koreans to observe a three-year period of mourning. Since the people have not been able to get over the great shock of Kim Il-song's death, we cannot possibly hold a great political event."

Other people assert that Kim Chong-il's failure to succeed to power has been prompted by a suspicion over the cause of Kim Il-song's death. Some defectors from North Korea said that "if Kim Chong-il takes over the presidency at a time when he is being suspected of being involved in Kim Il-song's death, the people's suspicion will grow further."

Then, when will Kim Chong-il succeed to power? In the National Assembly Intelligence Committee, Kwon Yong-hae, then the NSP director, pointed to May of this year as the most likely time for his succession.

Meanwhile, a high-ranking Russian intelligence official who visited Pyongyang said that "the time will be known to the public after Kim Chong-il's birthday (16 February)" and thus suggested the possibility of Kim Chong-il's power succession being completed even before the International Sports and Culture Festival slated for April.

#### **New Policy on N-S Economic Cooperation Revealed**

*SK1302065895 Seoul CHUNGANG ILBO in Korean 13 Feb 95 p 2*

[By correspondent Kim Yong-il from Washington]

[FBIS Translated Text] It has been learned that the government decided not to link the expansion of South-North economic cooperation with political issues if it is believed that the North Korean nuclear issue will ultimately be resolved. The government's decision was

revealed in reference material distributed to ROK participants in the second session of the ROK-U.S. 21st Century Committee recently held behind closed doors in Washington.

This material mentioned that "as North Korea strongly opposes that South-North economic cooperation presuppose the resolution of political issues, such as the nuclear issue, it is difficult to achieve both aims—South-North economic cooperation and the resolution of the nuclear issue," and stressed: "It is necessary to actively seek methods to expand South-North economic cooperation separately from political issues if it is believed that the nuclear issue will ultimately be resolved."

Regarding the direction of the government's promotion of South-North economic cooperation, the material stated: "It is necessary for South and North Korea to map out joint long-term plans for creating a South-North economic community, including a plan to supply indirect social capital, along with food and energy, to North Korea, and it is also necessary to push ahead with those plans in stages."

The material noted a South-North economic community can be realized in the following three stages—the pioneering stage for the beginning of South-North exchange, the expediting stage for full-pledged South-North economic cooperation, and the full-grown stage when the national economic homogeneity will be achieved.

#### **Firms Need Permission To Train DPRK Workers** *SK1002085195 Seoul YONHAP in English 0707 GMT 10 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP)—South Korean firms may teach operational skills to North Korean workers in third countries only when the businesses obtain government permission to come into contact with North Koreans, an official confirmed Friday.

Kim Yong-il, director-general of the exchange-cooperation bureau of the National Unification Board, also said there is no limit to the amount of investment that South Korean industries may make in North Korea.

"One practical method of giving technical training by South Korean firms to the workers of North Korean industries under processing-on-commission contracts is to do so in third countries," Kim said.

He said technical training of this type can be made with government permission to come into contact with North Koreans as stipulated by the law on South-North exchanges and cooperation.

So far, South Korean firms under processing-on-commission contracts with North Korea, numbering about 15, have either trained North Korean workers in third countries, sent South Korean technicians with



foreign citizenship to the North, or used the indirect training method of furnishing sample items to the North, he said.

Kim said there is no fixed limit to the amount of money that can be invested in North Korea.

"We haven't set any limits to investment in North Korea, from the measures announced last Nov. 8, in order to spur inter-Korean economic cooperation," he said.

Information prepared by the National Unification Board simply recommends food and beverage, daily necessities and other small-scale manufacturing businesses as pilot inter-Korean economic cooperation projects without setting any limits to such investments.

**DPRK Businessman in PRC Reportedly Recalled**  
*SK1002085595 Seoul CHOSON ILBO in Korean 10 Feb 95 p 27*

[FBIS Translated Text] ROK authorities concerned confirmed on 9 February that Pak Chong-kun, who had served as a channel for ROK business companies' advances into North Korea while running the "Mt. Kumgang International Trade Development Corporation" in Beijing, was recalled to Pyongyang last October and has been under investigation.

Pak Chong-kun, who, as a confidant of Kim Chong-il, had reportedly been in charge of North Korea's subversive operations in China against South Korea, recently disappeared from Beijing, which started the rumors of his recall to Pyongyang.

The direct cause of his recall reportedly is that the Workers' Party of Korea [WPK] found that he had confiscated \$850,000 from funds North Korea had earned from exports to China. North Korea sent Paek In-su, director of the WPK Light-Industry Department, to China four times to investigate. Pak Chong-kun's whereabouts are unknown. However, it is predicted North Korea may again send him to Beijing if need be because he is very familiar with capitalist economics and ROK businesses.

It has been rumored that Pak Chong-kun collected several million dollars while he was dealing with 20 to 30 ROK corporations in Beijing. He gave letters of invitation to 11 ROK corporations over a two-year period, from March 1992 to February 1994. However, no corporation has been able to send officials to North Korea yet.

He is said to have been a classmate of Kim Chong-il's at Kim Il-song University and is 51 (born in 1944). He established Mt. Kumgang International Trade Development Corporation in Beijing with Korean-American Pak Kyong-yun and served as president of this company. However, our authorities concerned determined he was in charge of subversive operations against South Korea. He emerged as a "North Korean heavyweight" while

maintaining extensive ties with political, economic, and cultural figures from the ROK, Taiwan, Japan, and China.

He received a hero's title when he offered \$10 million to Kim Chong-il. In September 1992, he was recommended for the post of first deputy director of the WPK Organization and Guidance Department, where major confidants of Kim Chong-il work, but refused to accept the nomination.

Right before his recall to Pyongyang, Pak established another company called the "Tangun Group" in June 1994. In this way, he made a last-ditch effort to avoid recall.

Pak's wife, Cho Pok-sun, is a daughter of former North Korean General Cho Myong-son and a graduate of Kim Il-song University. She ran the restaurant "Kumgangwon" in Beijing to earn foreign exchange. Following her husband's recall, she too was recalled to Pyongyang because of her business failures and embezzlement of money. Pak Kyong-yun has run Kumgangwon since he bought it last November.

The authorities concerned worry that if Pak returns to Beijing, contacts between ROK businesses and North Korea will become more chaotic.

**Envoy to PRC on Reactor Market, Deng's Health**  
*SK1302091395 Seoul YONHAP in English 0824 GMT 13 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 13 (YONHAP)—South Korea is highly likely to be selected as the provider of two light-water nuclear reactors to China and the Beijing government is further examining to work with South Korea on the development of a nuclear reactor model to advance into the nuclear reactor market in third countries, South Korean Ambassador to China Hwang Pyong-tae said Monday [13 February].

Meeting reporters at the Ministry of Foreign Affairs where he is attending an annual home meeting of diplomatic mission chiefs, Hwang said that the two countries actually concluded negotiations on technical issues with the signing last week between Korea Electric Power Corp. (KEPCO) and China National Nuclear Corp. (CNNC) of a memorandum of understanding (MOU) on the technical study of the Nos. 3 and 4 Ulchin reactors to be provided to China.

Dismissing claims by North Korea that South Korean-standard model nuclear reactors cannot guarantee security and stability, Ambassador Hwang said that China is expected to finalize its position on accepting two South Korean-standard model nuclear reactors in March, when KEPCO comes up with measures on financial assistance for building two reactors in China.

China currently is constructing four nuclear reactors in Guangdong Province and plans to build four more reactors in Dalian, said Hwang, who hoped that Korea



could advance into the huge nuclear power plant market in China which hopes to build 20 to 30 reactors by 2010.

The MOU signed between KEPCO and CNNC is the second of its kind, that the Chinese has with foreign countries—the first is with France—although China has over 50 accords with foreign countries on nuclear cooperation, according to Hwang.

Touching on the issue of the ethnic Korean community in China, Hwang said that the Seoul government recently provided 19 million dollars to Yanji city authorities in loans for the building of airport and tap water facilities, while KEPCO is working on construction of a 200,000-kw thermoelectric power plant in Yanji, the provincial capital of Yanbian Korean Autonomous Region.

He also said that the Federation of Korean Industries (FKI) will soon deliver 300,000 dollars worth of educational equipment to Yanji.

The ambassador added, "Providing assistance to ethnic Koreans in China will be okay as long as it boosts their living standards, but it is undesirable to extend it to political associations."

He was referring to the recent concern by the Chinese authorities over the rising ethnic awareness of ethnic Koreans living in China.

"Among over 50 ethnic minority communities in China, the Korean community is the only one possessing strong ethnic identity," said Hwang. "The reason, I think, is the rapid economic development of South Korea."

He, however, added that it may be desirable to help them live in China rather than making them long for South Korea, expressing concern over the strong "Korean wind" in the Yanbian region.

On the North Korean issue, the ambassador to China picked up three reasons for the delay in Kim Chong-il's official ascendance to the presidency of North Korea: Kim wants to take the post after securing economic stability to a certain extent; the junior Kim needs time to imbue the North Korean people obsessed by the charismatic image of Kim Il-song with his image; or Kim Chong-il seeks to pursue a smoother generational shift by taking his time.

Hwang also denied the press reports that Chinese leader Deng Xiaoping is critically ill, adding that "As far as I know, Deng maintains good health for his age. In one instance to support my allegation, I met with one of Deng's son in Beijing the day when the report on Deng's health failure was released early this year. How could the son leave his father when the father is in critical condition?"

Hwang said that he understood that Deng tends not to meet with officials from Beijing out of fear that the contact could undermine the leadership of Jiang Zemin, who was handpicked by Deng.

Disagreeing with some press reports on the collapse of China, mirroring the downfall of the former Soviet Union, after Deng's death, Hwang said "Deng has already established a collective leadership system since the early 1980s which is pulled by Jiang Zemin in political affairs, Li Peng in foreign affairs, Zhu Rongji in economy and Qiao Shi in parliamentary affairs."

"As long as China maintains the communist system, it will not fall apart, and they know that very well," said Hwang.

Although China maintains traditional ties with North Korea, it is currently rearranging its relations with both Koreas, according to Hwang. "China's No. 3 man Qiao Shi, chairman of the Standing Committee of the National People's Congress, will visit Seoul during the first half of the year and President Jiang Zemin will follow by the end of the year."

Jiang has yet to visit North Korea and the Chinese Government tends not to take the side of North Korea in dealing with South Korean affairs, said Hwang.

China's official position on the Korean peninsula is promoting inter-Korean dialogue and denuclearization and China does not oppose reunification of the Korean peninsula, said Hwang.

On North Korea's window to South Korean businessmen on economic cooperation in Beijing, the North first established Kungangsan Development Co. and then Koryo People's Industrial Development Council (KPIDC) and again set up a new one named the international cooperation bureau, Hwang said.

The latest one surely undertook all tasks of Kungangsan Development Co. as the KPIDC did, but the latter one did not undertake any of its predecessors' obligations, spreading confusion among South Korean businesses who had contracts with the former organizations, said Hwang.

### **Accord Signed To Build Nuclear Reactors in PRC**

*SK1202010595 Seoul THE KOREA HERALD in English 12 Feb 95 p 8*

[FBIS Transcribed Text] Korea Electric Power Corp. (KEPCO) and China National Nuclear Corp. (CNNC) yesterday signed a memorandum of understanding for the construction of South Korean model nuclear reactors in China.

Choe Tae-yong, vice president of the KEPCO, and Li Yulun, vice president of the CNNC, inked the agreement at the KEPCO headquarters in Samsong-tong, southern Seoul, a company spokesman said.

Under the agreement, the two companies will jointly undertake a preliminary feasibility study on technical and economic viability of Korean standard nuclear reactors to be built in China.



At the same time, both sides designated the KEPCO's 1,000 MW- class nuclear power plants No. 3 and 4 now being built in Ulchin, North Kyongsang Province as a model of the nuclear reactors to be constructed in China.

With the signing of the memorandum, the state-run KEPCO has established a firm foothold for its inroads into the vast Chinese market, said the spokesman.

For the construction of the reactors in China which requires an enormous amount of money, KEPCO will arrange loans or other means of financial assistance to CNNC, he said.

The signing between KEPCO and CNNC will also boost South Korea's position in the Pyongyang-Washington negotiations on the provision of light-water nuclear reactors to North Korea, he added. The North has refused to accept South Korean standard nuclear reactors citing security and stability problems of the South models.

The vice-minister-level official Li and other five Chinese delegates arrived in Seoul Monday and visited nuclear reactors in Yonggwang in the southern part of the country and nuclear research institutes during their week-long stay here.

South Korea and China reached an agreement of cooperation on the peaceful use of nuclear energy last October when Chinese Premier Li Peng visited Seoul.

#### Trade Minister Interviewed on Market Opening

SK1202034095 Seoul THE KOREA TIMES  
(Supplement) in English 12 Feb 95 p 1

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] The architect of the New Economic Policy, a basic blueprint of the Kim Yong-sam administration's economic, business and trade directions, is now charting a package of bold steps for "comprehensive and substantial" opening of the market and sweeping improvement of the business climate for foreign investment.

Trade, Industry and Energy Minister Pak Chae-yun calls his work a categorical option for "globalization" of all the political, economic, social and cultural quarters, reciting a governing goal of President Kim. Pak served as a trusted tutor and later senior secretary for economic affairs.

"Now is the time to shift our policy from the hitherto passive and reactive to a more aggressive and proactive one worthy of our status as the world's 12th largest trader," he said in an interview with THE KOREA TIMES at his office yesterday.

"The administration will push ahead with a comprehensive and substantial market opening, not passive and formal," he added. "Restrictions by special laws and

vague and untransparent procedures will be lifted to assure foreign products of tangible access to the domestic market."

Admitting that Korea is still regarded in some parts of the international community as a second Japan because of its export drive, he stressed the fresh need for cooperation with trading partners in a real sense.

"Current international trade relations are a sort of competitive-cooperative game. We will pursue competition and cooperation simultaneously and seek harmony between the two seemingly conflicting issues," said Pak, 53, who was formerly finance minister.

"In this line," he declared, "Imports will be encouraged just like exports for the benefits of local consumers and reciprocal ties with foreign countries. Market opening is also a shortcut to leading domestic companies to promote their competitiveness at home and abroad."

Under an import liberalization program, all but eight politically sensitive items including beef will be fully open to foreign trade by June 1997.

Besides freer flow of goods and services, foreign capital will be attracted more aggressively with financial and tax incentives, plus improved environments for operations here.

The minister vowed to give foreign investors at least the same treatment as local businessmen by greatly enhancing relevant institutions and regulations, he said. As he acknowledged, there have been few privileges offered to foreigners to attract their capital and heavier discriminations against them.

"Higher priority will be given to Korea-based companies, whether they have originated locally or abroad, rather than Korea-owned companies overseas," he declared.

Industrial sectors allowed for foreign investment will take up 95 percent of the total by 1997, the level similar to that of Western industrialized economies nowadays. At present, slightly more than 90 percent has been open to it.

Foreign investors in high technological fields will be permitted to introduce long-term offshore loans this year, a move following the increase in the ceiling on their short-term loans from the past 70 percent to 100 percent of their investment.

Schools, apartments and convenience facilities, all for foreigners, will be built in Pyongdong in Kwangju and Chonan in Chungchong-namdo where industrial sites are being constructed exclusively for foreign companies. Construction of the 660,000 square-meter Pyongdong estate will be finished in a few months and that of the Chonan estate of the same size in a year.

The central administration is providing potential foreign investors with a one-step service in downtown Seoul and local administrations have their own officials in charge of same service.



Similar efforts are being made to boost Koreans' investment overseas which now stands at 1.7 percent of gross national product, much lower than 5-10 percent in advanced countries and 10 percent in Taiwan, one of Korea's Asian rivals, Minister Pak said.

The package will be delivered to top U.S. administration and Congressional leaders and businessmen during his visit to Washington this week, a visit that marks Pak's first since he joined the Kim administration on Feb. 25, 1993.

The American-educated professor-turned minister is scheduled to talk with Commerce Secretary Ron Brown, U.S. Trade Representative Mickey Kantor and some Senate and House of Representatives committee chairmen.

The agenda of his talks will be quite broad and unspecified as there is no pressing issue pending between the two countries, his aides said.

"My visit is simply geared to getting acquainted with key trade officials at the Cabinet and Congress level so that I can call them up and discuss issues of mutual concern from time to time later," he explained.

Washington, still dissatisfied with Seoul's cut in tariffs on imported motor vehicles from 10 percent to 8 percent, effective this year, is renewing its demand for a sharper slash to 2.5 percent through direct and indirect channels, while the latter is ruling out any more concessions.

More demands are concerned with the extension of the sell-by date for U.S. beef products and protection of American-registered trademarks, according to officials.

He dismissed these pending issues merely as "routine and unavoidable" disputes between two countries whose trade volume reaches 40 billion dollars yearly with the two countries exporting close to equivalent amounts to each other.

"A problem is that two-way trade stopped a pompous surge in 1990 and had remained almost at a standstill at around 36 billion dollars in the early 1990s," he pointed out. Their shares in the respective market thus continued to decline remarkably.

Korea's exports to and imports from the United States increased an unusually high 12 percent and 18 percent, respectively, to total over 40 billion dollars but the growth rates stood below those of its total exports and imports worldwide.

Korea was the second most popular target of American investment with 3,570 million dollars coming here during 1962-94, following Japan, official figures showed.

But the American capital inflow shrank the past two years while Koreans' investment in the United States has swollen quickly since 1990 with over 300 million dollars going there annually. In 1994 alone, 620 million dollars were funneled into the United States for 126 projects.



## Burma

### SLORC Steps Up Bombardment of Karen Camp

*BK1202090895 Hong Kong AFP in English 0822 GMT 12 Feb 95*

[FBIS Transcribed Text] MAE SOT, Thailand, Feb 12 (AFP)—Burmese troops on Sunday stepped up their artillery bombardment of the Karen guerrillas' last stronghold on the border with Thailand.

And with the largest remaining Burmese rebel group determined to defend Kawmoora camp "to the death," diplomats and military experts say the Rangoon military junta risks paying a heavy material and political price for the assault.

Intense shelling on the Karen National Union (KNU) camp at Kawmoora began Saturday night. Government artillery fired a round a minute for 90 minutes, a border source said. Small arms fire backed up the barrage.

The attack resumed before dawn Sunday with artillery bursts heard clearly just across the border in the Thai town of Mae Sot.

Kawmoora, a camp on the Moei River surrounded on three sides by Thai territory, is the last major base of the Karen rebels, who have fought successive Rangoon regimes for autonomy since 1948.

It came under intense attack again in late January when Burma's ruling State Law and Order Restoration Council (SLORC) launched a concerted campaign to end ethnic Karen resistance.

Government troops have attempted to take Kawmoora four times since 1989 but have never passed the "killing place"—the narrow entrance to the camp which is mined, booby-trapped and layered with barbed wire.

On Saturday a KNU fighter said 72 government soldiers were killed when they walked into a trap of fishing nets. Their bodies would remain hoisted in the air to warn off other SLORC attacks, he said.

KNU sources expected a strong ground assault Sunday. SLORC attacks have varied in intensity on alternate days. KNU sources said the government forces were dependent on porters to bring in munitions on foot.

The pre-dawn shelling Sunday across the Moei River woke residents of Mae Sot, but the only sign of concern was the hurried departure in the early hours of two van-loads of nervous ethnic Chinese tourists.

Government forces have already lost at least 130 men in the Kawmoora siege while the rebels put their death toll at just six. And experts say taking the stronghold could take many days, if not weeks.

One western diplomat in Bangkok said the Burmese government could lose several hundred troops in the battle while at the same time seeing its credibility take a new battering.

Burma has already faced international criticism by ending its ceasefire with the Karens. Even Thailand, which led attempts for a "constructive engagement" with Rangoon, has been angered. A Burmese attempt to get at Kawmoora through Thailand last week was fought off and Thai territory is sporadically hit by Burmese shells.

The junta won an important victory when it took the Karen headquarters at Manerplaw on January 27. But the strongarm tactics there and at Kawmoora could just force the ethnic Karens back into a guerrilla war in which they are proven experts.

It could also make other opposition groups, such as the National League of Democracy, led by detained Nobel peace prize winner Aung San Suu Kyi, more radical.

A senior UN official in Bangkok said that the timing of the government offensive, to coincide with a visit to Rangoon by UN human rights envoys Alvarez de Soto and Francesco Vendraeil, had been seen as "a slap in the face" for the United Nations.

Potential investors will "think twice" about Burmese approaches, said a diplomat. A planned gas pipeline between Burma and Thailand is already a declared target for Karen and student guerrillas.

### Government Troops Shell Karen Stronghold

*BK1002151295 Hong Kong AFP in English 1444 GMT 10 Feb 95*

[Report by Dylan Jones]

[FBIS Transcribed Text] Mae Sot, Thailand, Feb 10 (AFP)—Burmese troops shelled Kawmoora throughout the day Friday as Karen rebels there braced for a massive attack on their last major stronghold.

Karen National Union (KNU) rebels shifted supplies to bunkers, ignoring the sporadic shelling and gunfire that had struck intermittently since late Thursday, a KNU source said.

Most of the shells fell near the front of the camp, and the rear of Kawmoora appeared unscathed.

The KNU source told AFP that Rangoon's troops had massed some 60 artillery pieces behind the two hills that frame the narrow entrance to the camp, including six 120mm mortars and four 105mm howitzers.

A Thai army unit, which arrived at the border Thursday, said they had heard 165mm guns as well.

"They are really trying to grind them," one Thai soldier said.

Kawmoora, directly across from Mae Sot, has been under heavy attack since late January when the Rangoon junta ended its unilateral 1992 ceasefire and overran the rebels' headquarters at Manerplaw, some 130 kilometers (85 miles) to the north.



The KNU official said Friday that the bodies of some 200 government soldiers lay strewn across the narrow killing zone at the heavily-mined entrance of the camp. Some of the soldiers were wounded but alive while the dead bodies of others were decaying.

"They are rotting on our front line. It smells very bad. The SLORC [State Law and Order Restoration Council] treats its people like animals," he said.

The State Law and Order Restoration Council, or SLORC, is the official name of the Burmese junta.

However, a KNU source at Kawmoora said later that the government forces had evacuated some of their wounded from the area by helicopter on Thursday [9 February].

Despite the heavy shelling Tuesday and Wednesday, during which shells rained ceaselessly on the camp, casualties among the more than 1,000 Karen at Kawmoora have been light, the KNU official said. He declined to give exact figures.

The KNU believes two divisions of SLORC troops, some 7,000 men, are stationed near Kawmoora along with more than 1,000 civilian porters used to haul supplies and ammunition.

"Whenever they attack, they use porters in front," he said. "They use you as a mine-sweeper."

"From a military point of view, (the camp) is of no importance. It's just a piece of land," he added. "But the SLORC feels it must prove it can control all of Burma."

But the one square kilometer (0.4 square mile) camp also is the last major stronghold of the Karen, who have fought successive Rangoon regimes for autonomy since 1948.

The official said Karen fighters would not retreat as they had January 26 at Manerplaw, sustaining only 15 dead but destroying what had been the capital of resistance to Rangoon in the process.

"When you have no where to go," he said, "you stand and fight."

Thai border checkpoints have screened all vehicles attempting to go near the horseshoe-shaped rim of land on the Thai side of the Moei River that overlooks the camp.

They also search vehicles and passengers for possible supplies and weapons, turning back anyone who does not live in Wangkaew, the Thai village directly opposite the camp.

Platoons of seasoned Thai combat troops have also replaced the usual handful of border sentries.

Tuesday, some 10 shells landed on Thai soil, prompting an artillery response as a warning from Thailand. Some

50 Burmese troops were caught inside Thailand, apparently attempting to circle behind the camp, and were turned back.

"There have been other times, too, many times," a Thai border soldier said Friday, indicating on a map the 10 kilometer (six mile) stretch south of Kawmoora controlled by Rangoon.

An officer said Thai troops have also turned back Karens who do not have identity cards proving they are Thai citizens.

According to a source on the border shells were falling on Kawmoora at the rate of about one per minute for an hour during the late afternoon, though many of the shells landed on the Thai side of the Moei river.

**KNU Rebel Says 72 Soldiers Killed at Kawmoora**  
*BK1102141095 Hong Kong AFP in English 1134 GMT 11 Feb 95*

[Report by Dylan Jones]

[FBIS Transcribed Excerpt] Mae Sot, Thailand, Feb 11 (AFP)—Seventy-two Burmese soldiers who tried to storm a heavily defended rebel camp were snared in fisherman's nets, hoisted into the air and shot, a rebel fighter said Saturday.

The soldiers were part of a ground assault late Friday that accompanied shelling at the Karen National Union (KNU) stronghold at Kawmoora, near here, which has been under assault since late January.

The Karen fighter told AFP soldiers had rushed into the narrow entrance of the camp at midnight and were caught in nets laid on the ground.

He said their bodies would be left strung up to show the Rangoon junta what awaits another attack.

Another KNU fighter said the soldiers had put up a smokescreen before the attack so they could get close in before being detected. "They were close enough to hit with grenades," he said through an interpreter.

The Karen later collected 16 guns of different types from the zone.

The 45-year-old rebel, who said he had lived in Kawmoora for more than 20 years, called the current assault on the the Moei River base the worst in memory.

But he said there has not been much damage to the stronghold. Some bunkers have been hit but damage to the network of shelters, connected by tunnels, has been put right.

Rebel casualties have been light, he added, with about six dead and 50 wounded.

There currently are more than 1,000 people in the camp, including some 40 All Burma Students Democratic Front (ABSDF) fighters, he said.



But the army's buildup around Kawmoora continues.

"We can see them from the bunkers now," he said.  
"They are close enough to hear when they speak."

Other ethnic Karens said the rebels would hold on to Kawmoora at all costs, despite sustained pressure from the government forces.

"We will fight to the death," a Karen source said Saturday during a lull in the two weeks of fighting for Kawmoora, situated on a loop in the river jutting into Thai territory.

With Thai soldiers preventing Burmese troops from crossing the river to attack from the rear, Karen leaders said they were relatively secure behind the narrow, heavily-mined approach to the camp between hills on the Burmese side.

In fact, Kawmoora is of little strategic significance but is more of a symbol for the Karen and their anti-Rangoon allies, who were forced to abandon their headquarters at Manerplaw on January 26.

On Thursday, the ABSDF had to abandon its headquarters as well at Dagwin, north of Manerplaw, as Rangoon troops advanced from two directions. [passage omitted on comments by Thai military officials covered by previously filed items]

#### **KNU, ABSDF Rebels, Family Members Return**

*BK1102152195 Rangoon Radio Myanmar in Burmese 1330 GMT 11 Feb 95*

[FBIS Translated Text] Members of the KNU [Karen National Union] despise the KNU's armed struggle and its terrorist and destructive activities. They do not have faith in the KNU's armed struggle, and have accepted and have faith in the genuine goodwill and undertakings of the State Law and Order Restoration Council [SLORC] and have been continuously returning to the legal fold.

Private Maung Maung San alias Yanbalu of Kwei Lar region returned to the legal fold at Shwekyin military with one rifle and 15 rounds of ammunition on 14 January, while Corporal Maung Htwe of the KNU's 7th Regiment, 3th Brigade returned to the legal fold at the same military camp with one M-16 assault rifle and 20 rounds of ammunition on 27 January.

Similarly, Min We, deputy company commander, and Pvts Tin Htut, Win Myint, Nyo Gyi, Tin Oo, and Kyi Win of 207th Regiment of the ABSDF [All Burma Students' Democratic Front] armed group in the jungle and eight of their family members returned to the legal fold at Kwinseik military camp with one .38 revolver, one M-16 assault rifle, one carbine, three AK-47 assault rifles, one Icom Brand walkie-talkie, five magazines, and 128 rounds of ammunition.

They were warmly welcomed by responsible personnel at the respective military camps.

### **Brunei, Malaysia & Singapore**

#### **Malaysia**

#### **Ministry Seeks Indonesian Move on Two Islands**

*BK1302104995 Kuala Lumpur THE STAR in English 13 Feb 95 p 3*

[By Zarinah Daud]

[FBIS Transcribed Text] Kepala Batas—Wisma Putra [Ministry of Foreign Affairs] has instructed its' mission in Jakarta to confirm the Indonesian Government move to include the disputed Sipadan and Ligitan Islands on its latest map.

Foreign Minister Datuk Abdullah Ahmad Badawi however said Indonesia's "inclusion" of the islands in the map would not affect the government's argument that the two islands off the coast of Sabah belonged to Malaysia. He also said the action does not mean Indonesia could claim the islands as theirs.

"Negotiations (between the two governments) will still go on. Malaysia has continuously emphasised that the two islands belong to us.

"The officials had met three times to discuss the matter and Malaysia had indicated that we are prepared to refer the matter to the International Court of Justice," he said in Paya Keladi on Saturday.

It was reported on Thursday that the Indonesian Survey and Mapping Co-ordinating Unit had included the island into the republic's new map.

"Malaysia will only submit an official protest note if we receive the evidence and confirmation from the Indonesian Government that the two islands had been included into their map," Abdullah said.

#### **Mahathir Comments on Achieving Peace in Bosnia**

*95SE0102B Kuala Lumpur BERITA HARIAN in Malay 21 Dec 94 p 2*

[FBIS Translated Text] Subang, 20 December—Prime Minister Dr Mahathir Mohamad has stated that the use of the economic weapon to seek peace in Bosnia Herzegovina will require joint action by the countries which are members of the Organization of Islamic Countries (OIC), particularly those which have considerable economic power.

According to the prime minister, if all OIC countries are able to act in this way, the use of the economic weapon could be an effective way to resolve the problem.



The prime minister stated to reporters in Subang after returning to Malaysia after attending the OIC Summit Meeting in Casablanca and visiting the countries of the Maghreb [Northwest Africa], and Zagreb, Croatia: "If Malaysia acts on its own, it will also be effective. On two occasions we have used the economic weapon. I am convinced that if all of the OIC countries, including even those which are poor, are willing to take action, they could be effective."

He was asked to comment in greater detail on his statement in Zagreb on 17 December regarding the possibility that the Islamic countries would be forced to use the economic weapon to seek peace in Bosnia Herzegovina, including initially considering breaking economic relations with the countries which support the Serb criminals.

Doctor Mahathir said that his statement was not intended to threaten Western countries. However, Malaysia has had some experience in using the economic weapon.

He said: "I said that if someone wanted to know how to use the economic weapon, we have experience in that area. If it is so desired, we could express our views on the matter."

Asked if action to use the economic weapon will be taken, Dr Mahathir said that this decision depends on the OIC countries themselves.

According to the prime minister, such a decision would be the result of a resolution adopted at the conference in question, that is, to review initially economic relations with the countries which are helping Serbia.

He said: "That means just reviewing the matter for the time being. It is not a matter of making a decision on it. However, if they want to take some action, we can help."

Dr Mahathir was also satisfied with the results of his visits to the countries of the Maghreb and Croatia.

According to the prime minister, on his way home he visited centers for assembling railway carriages, motorcycles, and Proton automobiles produced in 1994 under a joint venture arrangement by Citroen Malaysia Inc.

The prime minister said that at the meeting of the OIC countries in the Maghreb he had a number of bilateral discussions and invited a number of leaders of foreign countries who wished to do so to establish diplomatic relations with Malaysia.

According to the prime minister, when he was in Croatia, he met Nikica Valentic, its prime minister, and Dr Harris Silajdzic, the prime minister of Bosnia Herzegovina.

The prime minister said: "I was able to discuss matters which have come up most recently (in those Balkan

countries), including their views about their meetings with Jimmy Carter, the former President of the United States."

#### **Protocol on Taxation Signed With Thailand**

*BK1202140495 Bangkok THE SUNDAY POST in English 12 Feb 95 p 4*

[FBIS Transcribed Text] Thailand and Malaysia have signed a protocol amending the agreement between the two countries for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

The agreement was first signed in Kuala Lumpur on March 29, 1982.

Outgoing Foreign Minister Thaksin Chinnawat co-chaired the ceremony with Malaysian ambassador to Bangkok Zainal Abidin Alias at the Foreign Ministry on Thursday.

Mr Thaksin said the protocol would help ease the tax burden on investors and entrepreneurs engaged in business in the Joint Development Area [JDA] or with the Office of the Malaysia-Thailand Joint Authority [MTJA] which administers the exploration and production of non-living resources in the JDA.

The MTJA is a unique example of cooperation between the two countries, proving cooperation is always better than confrontation, he said.

#### **South African Official Arrives for 3-Day Visit**

*MB1202173395 Johannesburg Channel Africa Radio in English 1600 GMT 12 Feb 95*

[FBIS Transcribed Text] The South African Deputy President F.W. de Klerk has arrived in Kuala Lumpur on a three-day official visit to Malaysia. It is Mr. de Klerk's first official visit to Malaysia since the establishment of a new democratic government in South Africa last May.

Arriving from Australia, Mr. de Klerk, his wife Marike, and a 10-member delegation were met at the airport by Malaysian Deputy Prime Minister Anwar bin Ibrahim. Tomorrow, Mr. de Klerk is to pay a courtesy call on Prime Minister Mahathir bin Mohamad, hold talks with Mr. Ibrahim, and also meet Works Minister Leo Moggie.

The purpose of his visit is to promote stronger political ties and to establish joint ventures between the private sectors of South Africa and Malaysia.

#### **Meets With Mahathir, Anwar**

*BK1302074095 Kuala Lumpur Voice of Malaysia in English 0600 GMT 13 Feb 95*

[FBIS Transcribed Text] Malaysia will study a proposal by South Africa to set up a mechanism in the form of a joint commission or other similar bodies to look into ways of enhancing bilateral cooperation and to resolve



any outstanding problems. The proposal was mooted by South African Deputy President F.W. De Klerk during meetings with Prime Minister Datuk Sri Dr. Mahathir Mohamed and his deputy Datuk Sri Anwar Ibrahim at the Prime Minister's Department in Kuala Lumpur today.

Foreign Ministry Deputy Secretary General Datuk Abdul Halim Ali said both Dr. Mahathir and Datuk Sri Anwar had agreed to look into the proposal. Datuk Halim said De Klerk felt that the proposed mechanism would resolve whatever problems that were hindering trade and investment between the two countries.

The South African leader arrived in the federal capital yesterday with a 10-member delegation for a three-day official visit.

**\* Government Announces Policy on Derivatives**

95SE0102A Kuala Lumpur UTUSAN MALAYSIA in Malay 13 Jan 95 p 9

[FBIS Translated Text] Kuala Lumpur 12 January—To ensure that the management of investments in financial derivative securities is handled in a healthy way the Bank Negara [State Bank] issued a statement on 13 January setting out four basic considerations for financial institutions in Malaysia which handle these securities.

According to the statement issued on 13 January, among the basic considerations concerned is the provision that the central bank will consider demand for derivatives only in terms of their utility and financial value.

Derivatives associated with equities will be considered on an individual case basis.

The second consideration also provides that a new kind of activity involved in a derivative must be carried on with the knowledge of the board of directors concerned and should be approved by it.

The board of directors is responsible for taking fully into consideration all risks involved and for providing safeguards for managing the risks involved, including a system of evaluation and firm supervision, as well as comprehensive, internal controls.

In this connection derivatives may only be offered to customers who have commercial securities to protect.

The fourth consideration is that commercial banks are requested to consider the interests of and to advise their customers about the suitability of the derivatives offered in terms of their customers' needs for risk management.

Furthermore, according to the statement, commercial banks should be satisfied that their customers have complied with the detailed procedures appropriate to obtain the approval of their managements for such investments.

Before investment is made in derivatives, the bank needs to obtain written acknowledgement from the banks certifying that their customers have fully considered the derivative concerned, the risks involved, and any possible repercussions.

A derivative security is a form of innovative, financial instrument based on value, utility, and also equity.

Recently, Berjaya Industrial Ltd [of Malaysia] has suffered losses of \$14 million (36 million Malaysian ringgits) in derivative security investments in the United States.

Berjaya Industrial, which used its subsidiary registered in the Cayman Islands for this investment, acted jointly with the offshore branch of the Public Bank of Labuan.

So far 16 banks licensed in Labuan have been involved in the derivatives market, investing in mutual benefit swaps, money swaps, money options, and mutual benefit options.

In the statement issued on 13 January the Bank Negara also set out the kind of information which commercial banks need to provide to the Bank Negara to obtain permission to invest in derivatives.

**Permission**

The statement required to be submitted by the commercial banks must include evidence that investment in the derivative involved has the approval of the bank's Board of Directors and that a risk analysis has been performed. Evidence of the level of bank's expertise must also be provided, as well as evidence of the qualifications and experience of its principal associates in the transaction as a whole.

Regarding capital to cover losses, the Bank Negara has ordered that banks involved in such investments will be required to reserve sufficient capital based on the extent of the exposure of the bank concerned in connection with a given derivative.

Furthermore, it is provided in the Bank Negara statement that the bank involved must also provide detailed guidelines which set out the minimum standards for healthy risk management.

Also required are a public, disclosure statement and appropriate accounting procedures, as well as broadening the operating arrangements to provide enough capital to handle the market risks.

The Bank Negara stated that, on the basis of the research which it has conducted on 37 commercial banks and 12 merchant banks, only 16 banks in all have been involved in the derivatives market, handling such instruments as mutual benefit swaps, money swaps, money options, and mutual benefit options.

This kind of business involves securities which are easily handled on an over the counter basis. The research led to the conclusion that most of the derivative investments made were fully protected.



Therefore, it may be concluded from this research that investments in derivatives by licensed banks should not cause any particular concern because all of the transactions are fully protected from rises and falls in the value of the derivatives and in foreign exchange rates.

The Bank Negara declared that derivatives create no new risks for the financial system. The risks involved are the same as those handled by banks in carrying on their traditional activities, such as extending loans and engaging in foreign exchange transactions.

#### **Minister on Armed Forces Firepower Enhancement**

*BK1302054795 Kuala Lumpur NEW STRAITS TIMES in English 13 Feb 95 p 11*

[Report by Sufi Yusoff]

[FBIS Transcribed Text] Asaahan (Melaka), Thurs. [9 February]—The government is expected to spend more than RM [Malaysian ringgit] 100 million to buy additional armoured vehicles, anti-tank guided missile weapons, automatic grenade launchers, and multiple grenade launchers for Malaysian troops in Bosnia-Herzegovina.

The NEW STRAITS TIMES [NST] has learnt that the purchase is to boost the firepower of the Malaysian contingent in facing the volatile situation in the former Yugoslav republic.

It is also in anticipation of the United Nations approval for the government's proposal to send an additional mechanised battalion to beef up the current 1,500 strong force there.

Defence Minister Datuk Sri Najib Tun Razak confirmed that contracts for the automatic grenade launchers, short-range anti-tank guided-missile weapons, and multiple grenade launchers were signed recently.

But he did not want to disclose the value of the contracts, the names of the suppliers, and the total number of equipment ordered.

He said this to reporters after witnessing an army firepower demonstration at the Asahan Firing Range in Melaka here today.

Apart from the three contracts, the NST has also learnt that the ministry was also looking into the possibility of beefing up its armoured vehicles in Bosnia-Herzegovina.

The army has sent three types of armoured vehicles to Bosnia-Herzegovina.

These are the Condor four-wheeled armoured personnel carriers, the South Korean-made Infantry Fighting Vehicle (KIFV), and the Swedish Hagglunds all weather and terrain tracked vehicle.

Defence industry sources told the NST there was a strong possibility that the ministry would buy more than 40 KIFVs and an undisclosed number of Hagglunds.

They said the government had given the ministry more than RM100 million to buy these weapons under a special budget approved by the prime minister.

Najib said the new weapons would initially be used by the Malaysian troops in Bosnia-Herzegovina.

"If they are proven to be useful in Bosnia-Herzegovina, we will consider buying more units for the army under the Seventh Malaysia Plan budget (1996-2000)."

The NST has learnt the short-range anti-tank guided missile is the French-made Aerospatiale Eryx.

The consignment is scheduled to arrive here in March.

The automatic grenade launcher is the 40 mm-calibre manufactured by SACO [expansion unknown] Defence of the United States, while the multiple grenade launcher will be bought through South Africa's Armaments Corporation or Armscor.

On the firepower demonstration, Najib said, it had provided the opportunity for the ministry and the armed forces to plan for the upgrading of firepower and logistical capabilities in the future under the Seventh Malaysia Plan.

"Certainly, there are a lot of equipment that needs to be upgraded as what we have are rather old and outdated. Under the Seventh Malaysia Plan, for example, we need to look at more technologically sophisticated 155-mm guns and mortars," he said.

He added that the army needed a new firing range as Asahan was limited in size.

"As a result, we have to limit the size of our exercise to one infantry battalion group and we cannot use the training ground to train the mechanised and armoured battalions," said Najib.

He also said the construction of the Gemas military complex would be given priority and would be developed either by the government or on a privatisation basis under the Seventh Malaysia Plan.

On the status of the A-4 Skyhawk fighter bombers, which had been put out of service since the arrival of the Hawks last year, he said six aircraft had been converted into tankers for mid-air refuelling capabilities.

He said the Skyhawks would serve the Hawks in long-range missions, pending the ministry's approval to convert one RMAF [Royal Malaysian Air Force] C-130 Hercules into a tanker.

Earlier, Najib witnessed a firing demonstration of the army's artillery, armour, and infantry weapons.



They include the 155-mm medium-range guns, the 105-mm short-range guns, Condor armoured personnel carriers equipped with 20-mm Oerlikon guns and 7.62-mm general purpose machine guns, and close support infantry weapons such as the 106-mm recoilless rifle, Carl Gustav shoulder-fired anti-tank weapon, and 60-mm and 81-mm mortars.

There was also a demonstration on aerial bombing and rocket strafing by four Royal Malaysian Air Force F-5E air defence fighters from the No. 12 Squadron, RMAF Butterworth and four Hawk 200 ground attack aircraft from the No. 9 Squadron, RMAF Labuan.

Also present were Armed Forces Chief Jen. [General] Datuk Ismail Omar, Army Chief Jen. Datuk Che Mohamed Noor Mat Arshad, Royal Malaysian Navy Chief Laksamana Madya [Vice Admiral] Tan Sri Shariff Ishak, and Royal Malaysian Air Force Chief Lt. Jen. Datuk Sri Abdul Ghani Aziz.

### Singapore

#### Jayakumar Describes SRV Relations as 'Excellent'

*BK1102140795 Singapore Radio One in English 1100 GMT 11 Feb 95*

[FBIS Transcribed Text] Bilateral relations between Singapore and Vietnam have been described as excellent. The view was expressed by Singapore's foreign minister, Prof. S. Jayakumar, and his Vietnamese counterpart, Mr. Nguyen Manh Cam, during their meeting today. Mr. Cam is in Singapore for the first official visit. A Foreign Ministry spokesman told reporters that Mr. Cam attributed the growth of relations between both sides to growing mutual trust.

#### Editorial Urges Convening of Euro-Asian Summit

*BK1102134395 Singapore BUSINESS TIMES in English 10 Feb 95 p 14*

[Editorial: "Euro-Asia Summitry"]

[FBIS Transcribed Text] A summit of political leaders from Europe and Asia is now likely within 10 to 16 months, as Prime Minister Goh Chok Tong indicated in a recent speech in Davos, Switzerland. Mr. Goh has gallantly taken upon himself the task of getting the initiative off the ground, sounding out his ASEAN counterparts during a meeting in Bogor last November, French Prime Minister Eduard Balladur when he visited Paris late last year, and the new European Commission president, Jacques Santer, in Davos. The initiative is, in part, a response to a call from businessmen who attended the World Economic Forum's Europe-East Asia summit held in Singapore last October. A Europe-Asia summit is overdue. For too long, two of the world's three key economic regions have held each other at arm's length, with neither one taking any major step to be actively engaged with the other, despite the global trends—

politically, in the ending of the Cold War and economically, in the spread of open markets and lower trade barriers as achieved in the recently-concluded Uruguay Round. Indeed, rightly or wrongly, the perception is that Europe views the Asian economies as low-cost threats rather than opportunities while the more dynamic countries of Asia still fear that their growth will be constrained by the protectionism of a Fortress Europe.

The numbers tell the story. Between 1986 and 1992 only about a tenth of the foreign direct investment that has flowed into Asia came from the European Union. There are many reasons for this low level of economic engagement. Suffice to say, European governments have been preoccupied with a groundswell of problems both at home and in the continent, including the collapse of communism in 1989, economic recession in the past five years, the troubled 1991 Maastricht Treaty, the 1993 crisis in the European Monetary System and a seemingly never-ending war in the states of the former Yugoslavia. Asian countries, on the other hand, have been busy courting their traditional partners—America and Japan—and have equally failed to see the untapped potential in a Europe-Asia nexus. That potential is significant. Many of Asia's markets can serve as new frontiers for Europe's corporations; countries like France, Germany, and Italy can serve as springboards for Asians to tap the emerging economies of Eastern Europe; and both Asia and Europe can benefit from expanded cooperation in fields ranging from education to high technology.

Talks among political leaders from the two regions can pave the way for governments to provide the necessary framework of rules and cooperative arrangements for businesses to flourish. Such a cooperative system is already in place among Asia-Pacific countries through the APEC [Asia-Pacific Economic Cooperation] consultative forum. Of course, the globalisation of economic activity will continue, whether the leaders meet or not. But politicians, as business leaders themselves are the first to recognise, can play a critical part in shaping how such globalisation develops, what sort of synergies are created, and which regions benefit from them. In short, without the political push, economic links may fail to develop to their fullest potential. A Europe-Asia summit may just be what is needed to get such a push underway.

### Cambodia

#### Minister Views Criminal Provisions in Press Law

*BK1302073895 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 12 Feb 95*

[FBIS Translated Text] His Excellency [H.E.] Information Minister Ieng Muli said on the morning of 9 February that he could not say whether the criminal provisions would be removed from the draft press law, but he did explain why the criminal clauses need to be included in the draft law.



H.E. Ieng Muli said this at a meeting of lawmakers from the National Assembly Foreign Affairs and International Cooperation and Information and Press Commission.

H.E. Ieng Muli probably wants to retain the opportunity to hold discussions with lawyers within the ministerial cabinet. According to his statement, however, it is expected that the National Assembly commission will be able to complete this work because the Royal Government has already decided to hand it over to the National Assembly. Also, there are alternatives to the criminal provisions.

It has been reported that some National Assembly members want the criminal provisions—allowing the arrest and imprisonment of journalists—to be replaced by more severe civil clauses.

In the draft press law, it is stipulated that journalists can be jailed for eight days to three years if they are found to have besmirched other people's honor and dignity, committed libel, hurled contempt, fomented incitement, affected national security, committed lese majeste, or insulted national institutions or public authorities. They may also have to pay a fine of 500,000 up to 10 million riels.

### **Khmer Rouge Views U.S. Support for Government**

*BK1202113195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 11 Feb 95*

[Unattributed commentary]

[FBIS Translated Text] Talbott and Lord appeared exhausted and gloomy after assessing the situation concerning the collapse of the traitorous two-headed clique and after meeting with Australia, the little gendarme. There was no room left for them to maneuver. The only thing they think they can do now is to resort to foul play by repeating the deceitful propaganda of the communist Vietnamese puppets that says democracy is being gradually enhanced by the two-headed elements.

It is asked why do Talbott and Lord have to resort to this worthless and most basest and cheapest maneuver? Because:

1. They have suffered a gigantic and most despicable defeat. The United States, the ringleader and perpetrator, has planned and conducted the strategy of (?dependence on) communist Vietnam since 17 July 1990. Anyway, the strategy is one of total collapse because the Vietnamese forces it has preserved in Cambodia have been categorically opposed and constantly harassed by the Cambodian nation and people. Besides, the traitorous clique of the communist Vietnamese puppets that it has maintained has already been condemned and will be put in the hole of treason by the Cambodian nation and people in the end.

After the two-headed government was brought into existence by the United States, it has been vehemently

denounced, condemned, rejected, and opposed by the Cambodian nation and people. From season to season, month to month, and day to day, the two-headed clique has gradually become rotten in all sectors.

2. They were slapped in the face by the Cambodian nation and people, causing their hearing to become impaired. When they visited Phnom Penh, the areas reigned over by Ranariddh such as Rumchang, Ku, and Thmar Don were smashed by the Cambodian nation and people, and Battambang Town was also in turmoil because it was repeatedly attacked by national resistance forces. This constitutes their most bitter, sheer, and shameful defeat.

3. They have clearly realized that the traitorous two-headed clique is impotent and has collapsed in the political, military, and other fields. But they still persist in fueling the flames of war according to their imperialist nature of oppressing small countries and their people and sucking their blood and gnawing their bones without end.

This is the true meaning of Talbott and Lord resorting to the foul play of conducting worthless propaganda. Who will believe them? The Cambodian nation and people will never believe the obsolete and deceitful propaganda. As for the peoples in the region and United States, they will not believe the propaganda either because they all have seen, heard, and become well aware of the situation. In this era, it is not that easy for Talbott and Lord to turn the peoples' heads. The latter have clearly seen the scam being conducted to further war to sabotage national reconciliation and peace, thereby allowing communist Vietnam to exterminate the Cambodian race and wreck regional stability. Realizing this, they are determined to continue their steadfast struggle and opposition. The prevailing trend of opposing war but promoting peace in and outside the country is vigorously strong. The warmongering clique is never allowed to stir up cloudbursts at will. Today, it suffers a shameful defeat and if it continues to inflame the war, it will be doomed to a more serious defeat, no matter what.

### **Khmer Rouge Says U.S. 'Playing With Fire'**

*BK1102084995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 10 Feb 95*

[Unattributed commentary: "After Talbott's Visit to Phnom Penh, People in Phnom Penh Clearly Realize That the United States Is Playing With Fire in Cambodia That Will Burn Its Head for the Second Time"]

[FBIS Translated Text] After U.S. Deputy Secretary of State Strobe Talbott inspected the two-headed guys in Phnom Penh, the masses in every circle are very angry. Whenever they meet compatriots talk about and hurl abuse at the United States for collaborating with communist Vietnam to wage war to kill Cambodia.



Furthermore, many leaflets from small groups have been found in monasteries, markets, schools, and public places. The following is the content of a leaflet by a group of students, pupils, and intellectuals.

**Compatriots:** The visit by the U.S. Deputy Secretary of State Strobe Talbott to Phnom Penh once again clearly shows that the United States only thinks of collaborating with communist Vietnam to wage war and finish off Cambodia.

Look at the United States. It has come to give its approval.

1. Four million Vietnamese are trampling on and flattening the Cambodian nation, annexing Cambodian territory, plundering Cambodian resources, and destroying Cambodia's society, culture and traditions, and soul.

2. Scores of Cambodians die every day; they are maimed and become invalids because of the war of aggression of communist Vietnam.

3. Cambodians are starving. Beggars flock to Phnom Penh at Phsa Chas, Phsa Thmei, Phsa Toch, and Phsa Thom.

4. The regime of the one-eyed Hun Sen, buffalo Chea Sim, man-eating Sar Kheng, and devilish Ranariddh is most dictatorial and fascist, the most corrupt, and the dirtiest.

The United States has legitimized and collaborated with communist Vietnam and communist Vietnam's puppets and continues to fuel the war to kill the Cambodian nation and people through every form.

The people in Phnom Penh say that we, Cambodians, must unite to save our nation and strive to intensify the struggle through every form and possibility to quickly end the fate of the the rabid and broken-head traitors who have sold off the nation. We strive to struggle so that our Cambodia has peace, national reconciliation, and a normal and peaceful life.

The traitorous clique will certainly be smashed by our nation and people into the traitor's pit.

#### **Radio Discounts Khmer Rouge's Tourist Threat**

*BK1102143095 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 10 Feb 95*

["Political commentary": "The Threat of an Old Tiger With No Fangs"]

[FBIS Translated Text] On the morning of 9 February the Khmer Rouge radio made a threat to Americans, Australians, and French nationals who visit or live on Cambodian territory saying they will certainly be victims one day and that if they are afraid of danger they should return to their countries.

Those following the situation in Cambodia know this is not the first time the Khmer Rouge rebels have threatened foreign tourists who spend their own money to come to Cambodia with no desire other than to see famous Cambodian temples and to understand the traditions and way of life of our people. From these visits, foreign tourists bring a fair amount of foreign currency to our people, and this is a fine contribution to the motherland's rehabilitation and development.

According to the Tourism Ministry, the number of visitors to Cambodia in 1994 rose by 47 percent, that is from 120,000 in 1993 to 176,000 in 1994. It is perhaps this fact that infuriates the Khmer Rouge rebels, who are weakening and sliding toward disintegration: the increase in the number of tourists coming to Cambodia, particularly tourists from France, Britain, the United States, Australia, and so on.

Furthermore, their insane threat coincides with the news that a large tourist group will soon visit Cambodia. The increase in the number of tourists to Cambodia not only adds to the foreign currency income of the Royal Government but, through them, the world will know what the real situation is. This is a big obstacle to the Khmer Rouge return to power.

However, it is very laughable. The Khmer Rouge rebels are currently no different from an old tiger with no fangs and a broken backbone. They cannot do anything at all except make their last threatening noises. The Khmer Rouge hollered that a \$5,000 to \$8,000 reward will be given to anyone who captures an Australian national. Other threats had been made at other times. This is simply a Khmer Rouge political card game. Although it cannot hinder tourism or aid for the Royal Government, the Khmer Rouge at least wants to let others know that although it is being defeated and going downhill, it is not finished yet.

Like previous strategies, these meaningless threats are meant to raise the morale of the Khmer Rouge subordinates that is at an all time low, and to make them realize that the Khmer Rouge is not weak, that not only can it threaten innocent people in rural and remote areas, but that it also has the confidence to threaten the world.

The truth remains the truth. Nothing can be detracted from it. Just like the Khmer Rouge's decline and disintegration, it is a truth that cannot be denied. Therefore, the Khmer Rouge threat at this time is no different from an old tiger without fangs gasping for air and making noises.

#### **Defector Says Khmer Rouge Turning Desperate**

*BK1102133795 Hong Kong AFP in English 1121 GMT 11 Feb 95*

[FBIS Transcribed Text] Phnom Penh, Feb 11 (AFP)—The Khmer Rouge leadership is becoming increasingly



desperate and hardline as its fighting strength is depleted by defections, according to the most senior rebel official to join ranks since 1979.

Co-Minister of the Interior, Sar Kheng, told AFP that Sar Kim-Imut has been at a "safe house" in Phnom Penh since last November. Sar Kim Lamouth had been in charge of the guerrillas' finances, the minister said.

In debriefing sessions with government officials, the former rebel 'finance minister' is reported to have highlighted the increasing desperation of the Khmer Rouge leadership. The groups ranks have been badly hit by defections in recent months, according to the Cambodian Government.

THE PHNOM PENH POST quoted sources who have spoken to Sar Kim-Imut as saying Khmer Rouge intellectuals were distressed over the Thai Government's closure of its border with Cambodia. Moreover hard-line commanders are reported to have gained the upper hand in the group.

"We are not talking any more about a political solution, only armed struggle," the paper quoted the defector as saying.

But, the report went on to say many Khmer Rouge no longer have the heart to continue fighting.

"Nobody believes anymore about armed struggle," the paper quoted the defector as telling debriefers.

The group is totally under the control of Pol Pot, architect of the radical policies of the 1970s that left more than a million dead, and General Ta Mok. "Moderates" such as nominal leader Khieu Samphan have had their power stripped, the paper quotes Sar Kim Lemouth as saying.

The defector reportedly said former Khmer Rouge foreign minister Ieng Sary and the group's chief theoretician, Nuon Chea, are ill and no longer take part in day-to-day affairs.

The government in Phnom Penh has made repeated efforts to get Sar Kim-Imut, a French-educated economist, to make a public statement but he has delayed, Sar Kheng told AFP.

"Up to now I have received no answer," the minister said.

The defector reportedly demanded that his presence in Phnom Pneh be kept secret and many top officials were apparently in the dark until it was reported by THE FAR EASTERN ECONOMIC REVIEW last week.

The magazine quoted sources familiar with Sar Kim-Imut's case as saying he was not entirely trustworthy and that he had refused to give information on the rebels' cash holdings, believed secreted in banks in Thailand, Hong Kong, Switzerland and China.

According to reports, the defector has said the organization is virtually bankrupt but that he is unaware of details. The debriefers are said to be suspicious of his account. "He's lying to us," the REVIEW quoted a senior government official as saying.

### Radio Reports KR Losing Intellectuals' Support

BK1202125695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 11 Feb 95

[Station commentary: "Khmer Rouge Ringleaders Have No More Room To Maneuver"]

[FBIS Translated Text] According to a senior Khmer Rouge [KR] cadre who surrendered to the Royal Government at the end of 1994, the key leaders of the guerrilla group led by Pol Pot and Ta Mok are losing support from a number of intellectuals within the rebellious movement. The withdrawal of support is due to the ringleaders' stubborn persistence in furthering guerrilla warfare against the Royal Government. They also have turned a deaf ear to proposed talks or solutions and ignored imploring appeals made by the king. Since the end of 1994, the Khmer Rouge group has openly ordered its officers and soldiers to intensify indiscriminate attacks, destruction, and killing. Moreover, the rebel ringleaders, whose hands are totally stained with the people's blood, have forced scores of senior Khmer Rouge cadres living or continuing studies overseas and their families to return and live in the jungle.

Even though the surrendering Khmer Rouge cadre is not a cabinet member of the (?ghost) government created by the group on 10 July 1994, the surrender has exposed its trick and last cards that it intends to discard in the political gambling. If we talk about chess, for the time being, the Khmer Rouge is bogged down and has no more room to maneuver. The group is only waiting for the time when it will be eventually eliminated. The Khmer Rouge ringleaders are presently panic-stricken and inflamed as ants in a hot pan. They are desperate after seeing thousands of their officers and rank and file, who repented, stream into the country and surrender to the Royal Government. They are also despairing to see their senior cadres, who are intellectuals within the Khmer Rouge leadership, lose confidence in them and are trying to abandon them. As for cash from the sale of gems and timber, it is also in a difficult situation because sooner or later, the countries where the money was secretly deposited will freeze it in response to their repeatedly pledged policy of recognizing only the Royal Government.

Now, the stubborn Khmer Rouge leadership is only made up of unscrupulous people, such as Pol Pot, Ieng Sary, Ta Mok, and so on, who are infamously notorious and who are only waiting for [words indistinct] to commit them to the international court.

In sum, the outlawed Khmer Rouge rebels are currently facing an extremely difficult situation because they have



lost everything. Sooner or later, they will be eradicated with their stratagem. On the contrary, the Royal Government has become more and more consolidated with each passing day and has received increasingly firm support from national and international opinions. Aid of all kinds and [words indistinct] have arrived in Cambodia successively. This is evidence that the Royal Government's policy is moving forward along the correct path and in line with the prevailing trend. Therefore, the misled compatriots who are serving the Khmer Rouge intentionally or unintentionally are appealed to repent, cut loose with the Khmer Rouge ranks, and return to national society as quickly as possible. The compatriots should remember that the Khmer Rouge, at this point in time, have no more room to maneuver and have lost direction since almost all of their strongholds have been captured.

This is the most auspicious opportunity for all of you to turn your back on them and return to national society along with your friends who have already come back and joined in the rehabilitation and reconstruction of the country. You should not sacrifice your precious life and die in their place. You are also informed that the destructive activities presently carried by the Khmer Rouge have been vehemently denounced and categorically opposed by our people across the country. Besides, the Khmer Rouge is being vigorously abhorred and condemned by the international community. So, at the time when the Khmer Rouge has no more room to maneuver, you should run out on them and return and live under the cool shade of the revered king.

#### **Khmer Rouge Claim Battle Successes**

*BK1102085495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 10 Feb 95*

[FBIS Translated Excerpt] On the morning of 10 February, our National Army of Democratic Kampuchea, in collaboration with our people on many fronts, attacked, swept, and completely smashed the two-headed guys and the traitorous administration along Route 68 from Chong Kal to O Chik, from O Chik to Moug, and from Moug to Kralanh. We fully control these stretches of road.

We liberated 27 villages: Tram Kang, Thlork, Kouk Pongro, Pongro, Chreang, Phnum Dei, Cheung Pean, Sre Prean, Khnao, Prey Kien Chriet, Sleng Spean, Kouk Pol, Ampil Kdoep, Chrouy Neang Nuon, Sdau Pork, Khvek, Kambao, Kouk Ka Srei, Lvea, Ta Sok, Ta Pang, Kroch, Ban Leanh, Thmei, Chreang, Khna Trav, and Samraong.

We swept through and destroyed 19 big and small positions of the two-headed troops; killed 42 two-headed soldiers and wounded 70 others; the remaining troops fled and ran for their lives. [passage omitted]

#### **KR Report Government Failure in Preah Vihear**

*BK1302055395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 12 Feb 95*

[FBIS Translated Text] The two-headed government's military campaign on the Preah Vihear battlefield is almost completely collapsing. Over 400 troops from Division 12 and Division 2 of the Para groups [former noncommunist resistance forces] have been killed or wounded by our National Army of Democratic Kampuchea [NADK]. The survivors are under siege, surrounded by our mines and punji stakes and our ambushes and mine attacks. They are suffering two or three killed or wounded each day and night. They are running out of food and water and are suffering from illness, waiting only for their doom.

It is in this situation that Prum Samen, commander of the communist Vietnamese puppet army that suffered serious setbacks at Anlung Veng last year, ran around like a mad dog in Siem Reap and Phnom Penh asking for help from the two-headed General Staff and in particular urging Hun Sen and Ranariddh to instruct Division 11, formerly the 286th Division, which has not been heard of since it lost a battle a long time ago, to move from the direction of Sre Noy and Para Divisions 3 and 9 to come from Route 68 to launch sham operations and psychological warfare here and there to give those in Preah Vihear time to dig holes to stay in for a few more days.

The leading role in directing this psychological warfare was played by Khan Savoeun, a Para corporal who used to kneel down to beg for food from Democratic Kampuchea for several years in the past. All his life he has been a border bandit, cattle rustler, and plunderer of ancient artifacts. We were well aware of this plot by Khan Savoeun. We thus prepared everything, including mines and punji stakes. We also attacked and cut his forces to pieces and hit them from the rear, killing or wounding many of them.

Seeing their forces routed and defeated everywhere, Hun Sen and Ranariddh in great alarm ordered their self-appointed commanders to mobilize over 600 troops from the 12th Division belonging to Lai Virak, the border thief in the Poipet area; Dien Del's 7th Division in Thmar Puok; the Banteay Meanchey provincial unit; and other district-level units in the 5th Military Zone to try to capture Route 68 from us. These smuggler forces and border bandits went to Route 68, but their minds were still in Poipet. Thus, as soon as they arrived near Route 68, our NADK and people attacked them by detonating six mines, killing 18 and wounding 26 others. Over 50 others were killed or wounded when they hit our mines and punji stakes while fleeing in disarray. Nine dead bodies were left on the spot. Thus these 600 enemy troops were completely smashed by our forces.

Similarly, those in Ranariddh's 3d and 9th Divisions who ventured out of Samraong in an attempt to launch



sham operations against us in areas east of Route 68 also fled in disarray. As they retreated, they hit our mines and punji stakes and were attacked with 120 mm mines, suffering 36 killed and 68 wounded. The survivors, fleeing helter-skelter through the jungle, loudly scolded Hun Sen, Ranariddh, Prum Samen, Nhoek Bunchhai, and Khan Savoeun and vowed not to serve them any more for the rest of their lives.

### Indonesia

#### Officials Comment on U.S.-PRC Trade Dispute

*BK1302105195 Jakarta THE JAKARTA POST in English 7 Feb 95 p 8*

[FBIS Transcribed Text] Jakarta (JP)—Minister of Foreign Affairs Ali Alatas called yesterday for speedy settlement of the trade dispute between the United States and China.

The two countries, both members of the Asia-Pacific Economic Cooperation (APEC) forum, should resolve their trade dispute in an amicable way, he told newsmen after attending a ceremony for the inauguration of new ambassadors by President Suharto at the State Palace yesterday.

The minister said, however, that any trade war between the two countries would have a little impact on Indonesia, the current chairman of the 18-nation APEC forum.

"I don't think the trade dispute will change the existing trade pattern," he said.

Washington and Beijing on Saturday ordered tit-for-tat trade sanctions after failing to resolve their dispute over protection of copyrights. Both have said the sanctions would not take effect until Feb. 26.

Given the tendency for brinkmanship in trade negotiations, analysts said a U.S.-China settlement was possible before the February deadline for sanctions.

The sanctions would mean 100-percent tariffs on 35 Chinese products, including picture frames, answering machines and cellular telephones, sports items, and bicycles, with an annual value of over U.S. \$1.08 billion.

The Chinese retaliation includes 100-percent tariffs on U.S. cigarettes, alcohol, cosmetics, camera films, cassettes, and compact discs.

Minister of Trade Satrio B. Yudono also played down the impact of any trade war on the Indonesian economy.

"I think the impact on Indonesian trade will be minimal as the structure of its exports is different," the minister told reporters.

If textile products were included in Washington's trade sanctions, the impact could be positive because Indonesia would have had a better chance to boost its textile exports to the United States with the absence of Chinese goods, the minister said.

Yudono said that the possible impact of the trade dispute could also include a massive increase in the number of Chinese goods entering Indonesia.

"There could be an increase in dumping practices and the government is ready to help our business people to fight such practices," the trade minister said.

Aburizal Bakrie, chairman of the Indonesian Chamber of Commerce and Industry, said that the trade dispute took place because both the United States and China feel much stronger than one another.

The chamber chairman gave credit to the Beijing response towards the U.S. trade sanctions, saying that China had to retaliate the sanctions to defend its own sovereignty.

"Indonesia should be also able to do the same thing when receiving pressures from other countries," he said.

In the past, Indonesia could do nothing but receive the sanctions by the rival countries due to the weakness of its position, Aburizal said.

He cited that Indonesia's approval towards Washington's requirement a few years ago to link the entry of its motion pictures to Indonesia's textile exports to the United States reflected the weakness of the Indonesian position in the bilateral trade relations.

About the impact of the China-U.S. trade dispute, Aburizal said that a failure of the United States and China to achieve a compromise after the set deadline could increase the number of Chinese goods entering the country.

"It means that we have to improve our business efficiency in order to compete on the world market," he said.

#### Navy Gets Warships From Former East Germany

*BK0902142195 Jakarta SUARA PEMBARUAN in Indonesian 2 Feb 95 p 11*

[FBIS Translated Text] Jakarta, 2 Feb—Eight warships that were purchased from the former East Germany had been handed over to the Republic of Indonesia Navy on Tuesday, 31 January. The warships had been modified to cater to the Republic of Indonesia Armed Forces' (ABRI) needs by the PT PAL [Naval Shipyard Company Limited].

Three of the ships are of the Parchim class, namely: the KRI [Republic of Indonesia Ship] Lambung Mangkurat 374, KRI Cut Nyak Dien 375, and KRI Imam Bonjol 383. Another three are of the Frosh class, namely: The Teluk Celukan Bawang 532, KRI Teluk Hading 538, and KRI Teluk Lampung 540. Two of them are of the Condor class, namely: the KRI Pulau Rusa 762, and KRI Pulau Rangsang 727.

The navy will utilize the Parchim class warships as escort ships, the Frosh class as amphibian ships, and the



Condor class as mine sweepers. All of them will be placed under the Eastern Fleet.

#### **Official Urges Against Provocation by 'Ninjas'**

*BK1102094095 Jakarta ANTARA in Indonesian  
0619 GMT 10 Feb 95*

[FBIS Translated Text] Dili, 10 Feb (ANTARA)—Dili District Chief Domingos Soares has urged the local residents not to be easily provoked by a widespread rumor about the "operation" of persons who are dressed like "Ninjas."

"The rumor about the Ninja-styled masked persons has caused anxiety among some of the people in the region," he told reporters in Dili on Thursday when asked to confirm the "Ninja" rumor in the region.

The district chief stated that the authorities have not confirmed the "operation" of the masked persons in the region, and no resident has officially informed the authorities about the operation of the "ninjas."

"They are said to be frequently operating in the region, but we have yet to confirm their existence. Accordingly, I am urging the people, including the press circles themselves, not to be easily provoked by the rumor," he pleaded.

The district chief urged people to hand over any such masked persons that they apprehend to security personnel.

Thus, such a case will be settled in accordance with law instead of through individual action. He added that three approaches—legal, security, sociocultural—should be applied to handle such a case.

The district chief said that the rumor about the masked persons should not be linked to the pro- and anti-integration issue.

"I am convinced that the majority of the people in the region deeply love Indonesia as their fatherland. Thus, the rumor has nothing to do with the pro- and anti-integration issue," Domingos Soares concluded.

#### **'Ninjas' Belong to Anti-Integration Group**

*BK1202143695 Jakarta ANTARA in Indonesian  
1250 GMT 12 Feb 95*

[FBIS Translated Text] Dili, 12 Feb (ANTARA)—Riots that have taken place in several places in Dili District, East Timor, especially at night in recent days, have been deliberately committed by a small group of anti-integration people, said Major Drs. [academic title] Leiden Simbolon, commander of the Information Task Force of the J64 Wiradharma Military Area Command.

"The small anti-integration group has done so to cause anxiety and fear among the local population. Thus, the 'ninjas' belong to a small group of anti-integration people," he told ANTARA in Dili on Sunday.

Accordingly, Simbolon urged the local people to be cautious and not to be easily provoked by rumors, which are deliberately unleashed by the anti-integration group, and not to act out of control.

Simbolon admitted that East Timorese have become emotional in the maintenance of security due to the 'Ninja' rumor.

For example, any persons, who walk at night, have been stoned and often brutally beaten up. Some private motorcycles have even been burned.

People have done so because they really want to arrest and beat up "Ninjas." Before the rumor spread, there was no problem when people went home at night.

At present, people are afraid of going home after 2100. They are not afraid of the "Ninjas," but rather of being stoned by those on guard in their respective villages.

"Even my official car was stoned moments after I gave a directive to villagers in this area," he explained.

Accordingly, the security forces are continuing to remind the people not to be easily provoked by rumors, which are deliberately unleashed by the anti-integration group, and not to take the law into their own hands.

"Please report any problem to the local security forces (police) who will act and settle it comprehensively," Simbolon said.

#### **Alatas Says Fretilin 'Humiliated' in London**

*BK1102094295 Jakarta Radio Republik Indonesia  
Network in Indonesian 1200 GMT 10 Feb 95*

[FBIS Translated Text] The recent criticism by Jose Marti, East Timor guerrilla leader during Portuguese colonial rule, of Fretilin [Revolutionary Front for an Independent East Timor] leader Jose Ramos Horta has showed that the latter can no longer freely discredit Indonesia. Foreign Minister Ali Alatas said, following a meeting with executive leaders of the Indonesia-Portugal Friendship Association in Jakarta this afternoon, that the London incident showed that Ramos Horta could no longer freely spread his version of developments in East Timor.

Ramos Horta, who claims to be the anti-integration East Timor leader abroad, was humiliated and rendered speechless in London last week when his explanation about the East Timor issue was refuted by Jose Marti, East Timor guerrilla leader during Portuguese colonial rule.

Marti said firmly at that time that Ramos Horta could not lie to him and ignore the fact that the East Timor people severely suffered during Portuguese colonial rule.

According to Foreign Minister Ali Alatas, the blow against Ramos Horta has strongly worked in favor of



Indonesia's position, because it has supported Indonesia's efforts to disseminate the facts about the situation in East Timor.

#### **Fact-Finding Team Probes East Timor Incident**

*BK1102100495 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 11 Feb 95*

[FBIS Translated Text] The ABRI [Armed Forces of the Republic of Indonesia] General Headquarters on 7 February sent a fact-finding team of seven officers led by Brigadier General Sumarna to East Timor to prevent the dissemination of confusing reports on an incident in East Timor and to obtain more accurate information about the incident. A press release of the ABRI Information Center obtained by RRI this afternoon stated that the ABRI General Headquarters has also instructed the army chief of staff to set up an honorary military council to act on the results of the probe of the fact-finding team. The press release added that the ABRI remains consistent in disciplining every personnel who is found guilty of committing offenses and deviations in accordance with the existing law.

#### **Government To Lower Foreign Debt-GDP Ratio**

*BK0902121895 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 9 Feb 95*

[FBIS Translated Text] The Indonesian Government will continue to try to lower the ratio between foreign debts and the GDP [gross domestic product]. Ginanjar Kartasasmita, minister of state for national development planning and chairman of the National Development Planning Board, said this during a working hearing with the House State Budget and Revenue Commission. The number of foreign debts will continue to increase from year to year. However, the government will continue to try to lower the ratio between them and the GDP. At present, foreign debts total \$93 billion or about 53 percent of the GDP. The percentage is expected to decrease to 46 percent at the end of the Sixth Five-Year Development Plan.

According to Minister Ginanjar Kartasasmita, the number of new annual loans will be maintained in such a way as to ensure that the ratio between foreign debts and the GDP will not further increase. In addition, efforts will be made to ensure that the repayment of installments and loans will not strain the national economy. In other words, the ratio between the payment of installments and loans on the one hand and exports on the other or DSR [debt-servicing ratio] must decrease further.

#### **Suharto Appoints Hartono Army Chief of Staff**

*BK1102105395 Jakarta ANTARA in Indonesian 0631 GMT 11 Feb 95*

[FBIS Translated Excerpt] Jakarta, 11 Feb (ANTARA)—President Suharto installed General Raden Hartono as

army chief of staff at the State Palace on Saturday. Gen. Hartono replaces Gen. Wismoyo Arismunandar who retired on 10 February 1995.

During the function lasting about 15 minutes, Hartono, who was born in Pamekasan, Madura on 10 June 1941, stood upright as he took the oath of office before the head of state as Presidential Military Secretary Maj. Gen. Pranowo, who read out Presidential Decree No. 07/ABRI/1995 dated 8 February 1995.

Hartono, who became a four-star general on 10 February, stated in his oath that he would not give anything to anyone. [passage omitted]

Regarding his previous post as chief of staff for sociopolitical affairs of the ABRI [Armed Forces of the Republic of Indonesia] General Headquarters, Hartono said his appointment as army chief of staff did not mean that sociopolitical affairs would be more prominent than military affairs in the army.

"All this is double-sided like a coin. Perhaps, the sociopolitical function will be more prominent than the defense and security function at certain times. Thus, everything will depend on the situation and condition," Hartono said.

Meanwhile, Wismoyo himself told reporters that the new official was expected to continue his work program.

"We are adopting modern management. If a program, let alone conceptional one, is not continued, that will mean a setback," said Wismoyo who was recently elected as general chairman of the Indonesian National Sports Committee.

#### **Armed Forces Chief Swears In Senior Officers**

*BK1102093995 Jakarta ANTARA in Indonesian 1018 GMT 10 Feb 95*

[FBIS Translated Excerpt] Jakarta, 10 Feb (ANTARA) - General Feisal Tanjung, commander of the Armed Forces of the Republic of Indonesia [ABRI], has said that the posts of chief of the ABRI General Staff and chief of the ABRI Sociopolitical Affairs Department are strategic and decisive in the ABRI.

"The chief of the ABRI General Staff is the armed forces commander's main assistant in the mobilization of the ABRI as a defense and security force," said the armed forces commander during a function marking the turnover of the posts of chief of the ABRI General Staff and chief of the ABRI Sociopolitical Affairs Department at the ABRI General Headquarters in Jakarta on Friday.

Meanwhile, Gen. Tanjung said that the chief of the ABRI Sociopolitical Affairs Department is an assistant to the armed forces commander responsible for strategically planning the ABRI's role as a sociopolitical force.

The post of chief of the ABRI General Staff was turned over by Lt. Gen. H.B.L. Mantiri to Maj. Gen. Suyono,



while that of chief of the ABRI Sociopolitical Affairs Department was handed over by Lt. Gen. R. Hartono to Maj. Gen. Muhammad Maaruf. [passage omitted]

## Philippines

### Officials View PRC Withdrawal From Spratlys

*BK1302070795 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 13 Feb 95*

[FBIS Translated Text] Foreign Affairs Secretary Roberto Romulo has revealed that the other claimant nations in the Spratlys will not make any further appeals to the Chinese regarding their military operations in the wake of reports that the PRC has already withdrawn most of its ships occupying the Panganiban Reef within Philippine territory.

The Philippines and Indonesia have already issued statements on the Chinese aggression in the disputed territory. The other claimant countries are Vietnam, Brunei, and China. The United States has cited the 1992 Manila Declaration on the peaceful resolution of the Spratlys dispute. According to Romulo, the governments of the claimant nations believe that China's aggression in the Spratlys can be resolved through peaceful means.

Romulo and Defense Secretary Renato De Villa faced the Senate Committee on Foreign Relations this morning. The two officials expressed their common belief that the Spratlys problem can be solved through diplomatic means. They also believe that the present crisis with China does not need to continue, nor should it lead to a crisis with other claimant countries. De Villa said that although armed confrontation with China is a remote possibility, the Armed Forces is ready for such a situation.

Senate Foreign Relations Committee Chairman Blas Ople called for a review of the Mutual Defense Treaty with the United States.

### Enrile Expresses Confidence on Spratly Situation

*BK1002124795 Quezon City PTV-4 Television Network in Tagalog 1100 GMT 10 Feb 95*

[FBIS Translated Text] General Arturo Enrile, Armed Forces of the Philippines chief of staff, today expressed confidence that the Spratly Islands situation is far from turning into a conflict.

Enrile made his forecast amidst the confirmation that two Chinese warships have entered the territory. Enrile said the two warships might just be observing the current situation in the Kalayaan Islands. Enrile clarified that VRP [Vessel of the Republic of the Philippines] Iloilo, which is patrolling in the area, was instructed only to verify the movement of the foreign ships. He denied a report that the Chinese have abducted Mayor Mel Policarpio of the Kalayaan Islands.

[Begin Enrile recording, in English] There are actually four construction sites that they have established there, where, according to them, these are supposed to be shelters of fishermen. But, [pause] at least in the so-called two sites where they have these structures, there are in suspect as Chinese flags, from the People's Republic of China. [sentence as heard] So, that is it. So, they are there, and we are watching them and monitoring what they are doing. [end recording]

Meanwhile, Local Government Secretary Raphael Alunan III asked the local officials of Kalayaan Islands to closely monitor the situation there. Alunan admitted that it is extremely difficult for the local officials of Kalayaan Islands to monitor the situation because of lack of funds. Alunan said the Philippine National Police [PNP] has no forces stationed in the area.

[Begin Alunan recording, in English] At the moment, we do not have a PNP contingent there because of budget limitations. But this year, we were promised a bigger budget by Congress, and we could consider. But all of these things will have to be coordinated very closely with other agencies of government and in consultation with the president, of course. We just cannot do things arbitrarily. A great deal of discussions will have to be undertaken to see to it that whatever we do does not violate international agreements and does not run at cross purposes with what we're trying to do to resolve the conflict peacefully. [end recording]

In a related development, Senator Blas Ople, Senate Foreign Relations Committee chairman, today urged the government to ask the United Nations for help on the Chinese intrusion in the Kalayaan Islands.

The Department of National Defense earlier confirmed the presence of Chinese warships in the islands, which is included in the 200-mile economic zone of the Philippines. The photos of the warships were presented by Defense Secretary Renato de Villa to the media yesterday.

Ople said resorting to the United Nations Security Council's help on the issue is the best way to peacefully settle the imminent crisis in Spratlys. The Senate is set to hold a public hearing on the issue on Monday [13 February] morning. Ople added that the country's main goal is for a peaceful solution of the issue. Nevertheless, we have to make sure the world supports our position.

[Begin Ople recording, in English, in progress] ...in the United Nations whose charter mandates it to—especially the Security Council—to help countries maintain their territorial integrity and their sovereignty, especially against invasion or threats of invasion. [end recording]

### Describes Spratlys as 'Normal'

*BK1302031595 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 12 Feb 95*

[FBIS Translated Text] General Arturo Enrile, the Armed Forces chief of staff, has described the situation



in the Kalayaan Islands as normal and said the government has no reason to worry. Here is a report from Alex Tinsay:

[Begin Tinsay recording] According to General Arturo Enrile, AFP [Armed Forces of the Philippines] chief of staff, the situation in the Kalayaan Islands is normal and the Chinese ships spotted and confirmed by Air Force surveillance pictures to be on the islands are not a threat to national security. According to Enrile, no additional ships have arrived and the military has not received any reports that the several ships already there have left. At present, there are eight Chinese ships in the Panganiban Reef, but General Enrile explained that these ships are docked and are not sailing around the area. He did not reveal what steps the military will take with regard to the prevailing situation.

Although the detachment on Pag-asa Island has been placed on a high state of alert, Defense Secretary Renato De Villa believes that armed confrontation with the Chinese is a remote possibility. Earlier, President Ramos called on the Beijing government to continue adhering to the Manila Declaration of 1992, in which China, the Philippines, and three other countries with claims in the Spratlys agreed to find a peaceful resolution to the dispute.

On the other hand, the fishermen who permanently reside in the Kalayaan Islands want to put up houses on the eight islands to protect their source of livelihood. They would also like the government to help them when they are arrested by the Chinese even though they are fishing on the Philippine side of the Spratlys.

The Armed Forces of the Philippines Western Command [Wescom] has reinforced its aircraft and helicopters to help the Air Force monitor developments in the Philippine-claimed territories in the Spratlys. Wescom plans to make regular reconnaissance flights to monitor the Chinese warships.

Several diplomatic observers say the Ramos government must exercise caution in dealing with the present situation in the Spratlys because it will not do the Philippine Government any good to provoke what is referred to as the Sleeping Dragon of Asia, none other than China.

Alex Tinsay for GMA News. [end recording]

**Ramos Receives Cuban Foreign Minister Robaina**  
*BK1102085195 Quezon City PTV-4 Television Network in Tagalog 1100 GMT 10 Feb 95*

[FBIS Translated Text] The Philippines and Cuba will increase its ties and cooperation, especially in trade. President Ramos made the statement when he received Cuban Foreign Minister Roberto Robaina in Malacanang. Robaina handed Ramos a letter from Cuban President Fidel Castro inviting him to visit Cuba. The president said the subject of his talk with the Cuban official was increasing trade between the two countries.

## Thailand

### Papers Review U.S.-PRC Trade Conflict *BK1102093895*

[FBIS Editorial Report] Two Bangkok English-language newspapers and one vernacular daily—BANGKOK POST, THE NATION, and PHUCHATKAN—publish on 10 February editorials and commentary on the trade conflict between the United States and the People's Republic of China.

BANGKOK POST's 450-word editorial on page 4 titled: "China and US wrong to indulge in brinkmanship" notes: "Cooler heads may yet prevail in the trade war, which seems to loom between China and the United States. Let us hope so. The diplomats, bureaucrats and businessmen who have rushed their respective nations to the edge of a trade conflict need to calm down. There can be little benefit to either country if such a conflict begins. The men and women urging their governments to the barricades over trade issues should consider the Thai saying that 'when elephants fight, the grass gets trampled.' If there are no winners of a trade war, there will be losers. The victims would be ordinary Americans and Chinese, along with many other citizens of the world."

The editorial continues: "It would be wise for the two sides to agree immediately to shelve the threatened trade war indefinitely as a first order of business. China owes the United States vigorous enforcement of international and local copyright laws. Washington would do well to give both Beijing and its own businessmen more time to let the market try to solve this dispute.

"Let us hope that common sense prevails when the two sides resume negotiations in Beijing next week. Brinkmanship is a dangerous diplomatic game to play. It can so easily backfire in the heat of the moment with terrible consequences."

THE NATION's 450-word editorial on page A6 titled: "All sides stand to lose if trade war isn't averted" says: "A parallel situation was once experienced by Thailand, which along with India and China was unilaterally placed on the US trade watchlist, thus becoming subject to possible trade retaliation for insufficient protection of intellectual property rights.

"Thailand eventually ceded to the US demands by amending its copyright law and making accommodation through better enforcement. But the 'happy ending' came at great cost. The Prem government fell in the late 1980s because Parliament refused to vote on the amended bill. Relations with Washington steadily deteriorated and efforts to rebuild those ties have faced numerous difficulties, even till today, partly because both sides have shifted toward their own self-interest goals.

"But while Thailand is no China—the world's most populous nation and a pivot of security and peace within



Asia, both have commonality in their political and legal structures which get in the way of overnight accommodation of the US demands. The US must take this factor into account."

The editorial continues: "The priority for both sides should not be Microsoft or Kellogg but rather how to accommodate China's accession to the World Trade Organization. As Thailand has always insisted, trade laws and rules should be based on multilateral agreements because bitter feelings are contained and the level playing field is better guaranteed in this way."

"WTO Director General Peter Sutherland has already sounded an alarm bell. He was quoted as saying that, 'the dispute over intellectual property rights cannot be considered totally irrelevant in terms of China's entry into the WTO, although I don't know what precise effect it will have on negotiations.'"

"And as pointed out by Dr Surakiat Sathianthai, a trade expert and dean of Chulalongkorn University's Faculty of Law, the dispute between the China and the US could severely undermine the future of the Asia-Pacific Economic Cooperation (Apec). This loosely formed organization is playing an increasing role in future prosperity of the region, and China and the US are two of the main players with equal clout."

"All reasons point to the need for both countries to avoid a trade war. The US has announced a sanctions list covering plastic items, answering machines and cellular phones, and sporting goods. Items on the list, amounting to some US\$1.08 billion, could face sanctions by Feb 28. China is ready to counter with sanctions against US goods and other measures against US companies on grounds that its sovereignty has been impaired. But everyone knows that once a trade war starts it will spill over into more products and more countries will be drawn in."

PHUCHATKAN's 1,500-word article by Rangsan Thannaphonphan on page 8 titled: "The U.S.-China Trade War" reviews the deterioration of U.S.-Sino relations since the brutal suppression of the Chinese students and people during the 1989 protest at Tiananmen Square, U.S. discontent over violations of human rights in China, and the U.S. attempt to bar China from joining GATT to pressure China to accept trade liberalization and give full protection to U.S. intellectual property.

The article notes: "The failure of the trade talks between officials of the two countries in December 1994 was the first sign of the outbreak of the U.S.-Sino trade conflict. The U.S. trade representative proposed punitive tariffs on 23 import items from China." As a result, China retaliates by declaring 100 per cent import duties on U.S. goods.

In conclusion, the article says: "In short, there will not be a trade war between the United States and the People's Republic of China because there will not be the winner in

that war. In other words, both countries are losers. The U.S. economic interest in the PRC is huge compared with what is involved in the ongoing trade conflict. The money the United States expected to get from punitive tariffs on imports from China beginning 4 February will not help alleviate its trade deficit with that country. Meanwhile, the PRC will also suffer heavy losses from severing economic ties with the United States. Moreover, the formation of a free trade area in Asia and Pacific will be threatened."

"For this reason, it is very likely that the two countries will try to compromise. There will not be any trade war between the United States and PRC if leaders of the two countries remain sensible."

### Reportage on Lao President's Upcoming Visit

#### Visit To Produce Stronger Ties

BK1302060195 Bangkok BANGKOK POST in English  
13 Feb 95 p 1

[Report by Saritdet Marukarat and Nusara Thaithawat]

[FBIS Transcribed Text] Laotian President Nhouhak Phoumsavan says his visit to Thailand at the invitation of Their Majesties the King and the Queen will strengthen ties and serve as a foundation to resolve problems between the two neighbours.

"My visit will help promote mutual understanding and trust and strengthen the friendship between Laos and Thailand," Mr Nhouhak, 83, said in an interview with the BANGKOK POST at the Ho Kham presidential palace in Vientiane.

Mr Nhouhak, accompanied by his wife and a delegation of ministers, begins a six-day state visit to Bangkok, Chiang Mai, Chiang Rai and Khon Kaen tomorrow.

His visit repays a visit by Their Majesties the King and the Queen to Vientiane last April when they joined the president in opening the Friendship Bridge across the Mekong River.

"My visit is the second by a head of state of the Lao People's Democratic Republic and reflects the importance of the relations between our countries and people. It signifies that our relations as BAN PHI MUANG NONG (brotherly states) have never been so close."

"The expansion of ties has the blessing of the heads of the state of Laos and Thailand. We both share the intention to strengthen mutual understanding and trust between our peoples for generations to come."

"Our friendship is based on the proximity of our countries, common history and religion, and close similarity in our languages, cultures and norms," Mr Nhouhak said.

The president referred to a series of mutual agreements, concluded since the establishment of the Lao PDR



[People's Democratic Republic], which are aimed at institutionalising the expansion of ties and guaranteeing mutual benefits.

A first joint statement was issued in January 1979 by then prime minister Kriangsak Chamanan and his Laotian counterpart Kaysone Phomvihane in Vientiane.

Two other key documents were issued in November 1988 by then prime minister Chatchai Chunhavan and Mr Kaysone, also in Vientiane; and in February 1992 by then prime minister Anan Panyarachun and premier Khamtai Siphandon in Bangkok.

"The Agreement on Friendship and Mutual Cooperation and other bilateral agreements guarantee the cooperation between our two countries, for mutual benefit and prosperity of our two peoples," Mr Nouhak said.

He declined to comment further on his visit, saying: "I can't tell you about my dream when I haven't gone to sleep yet."

His visit comes at a time when the relations between the two countries have stabilised.

The most sensitive issue yet to be resolved is the disputed claims over Ban Romklao—Laos claims it is part of its Boten district of Sayaboury while Thailand claims it is part of its Chat Trakan district of Phitsanulok.

Mr Nouhak was born on April 9, 1912 in Savannakhet. He was a member of the Lao People's Revolutionary Party in 1952 and a politbureau member in 1972 at the Second Congress.

#### **'Special Security' Arranged**

*BK1302054995 Bangkok THE NATION in English  
13 Feb 95 pp A1, A5*

[FBIS Transcribed Text] The Police Department will arrange special security for the state visit of Laotian President Nouhak Phoumsavan as intelligence reports indicate that some anti-Laotian government groups have secretly entered Thai territory, according to an Interior Ministry source.

Nouhak and his wife will arrive tomorrow to spend six days here as guests of Their Majesties the King and the Queen, and are scheduled to visit many Royal projects in several provinces.

The source said the Interior Ministry's Intelligence Office learned that Laotian Hmong insurgents, headed by a Hmong identified as Vangseng Vang, have already been spotted in the northern provinces of Nan and Phayao.

The group includes subordinates of Gen Vang Pao, chief of the Laotian right wing faction.

"Vangseng's group is believed to have sneaked back into Laos to instigate insurgency there. If the group does so during the state visit, its activities would underscore

Vientiane's long suspicion that Thailand allows the use of its territory (by the insurgents) as a base from which to incite unrest in Laos," said the same source.

The Laotian president's visit follows the state visit of Their Majesties the King and Queen to Vientiane in April last year.

A military intelligence source yesterday confirmed reports of the Hmong insurgents' activities, saying that Vangseng is one of the faction's leaders.

"It is possible that the Laotian right wing faction will stage insurgent activity in Laos during Nouhak's visit because it wants to make it known that they are still active," said the source.

He added that the Laotian government has lost dozens of troops to the resistance groups which are more proficient in guerrilla tactics.

The National Security Council's Deputy Chief Khachatphai Burutphat told THE NATION that they had not yet learned about the report.

"The authorities, however, are ready to provide security during the visit of Nouhak. We can ensure the safety of the Laotian president. This (service) is not only for the president but for all leaders visiting the country," Khachatphai said.

Thailand would never allow any group to use the country as a base from which to launch ill-intentioned activities in other countries, he noted.

A high-ranking military source in the Third Army Region, which oversees Thai-Lao border issues, said yesterday that the Army had carried out an intense campaign of suppression of the armed Hmong group, which comprises about 100 members and was operating in Phayao and the province's Chiang Kham district.

Thai troops "convinced" them to retreat from Thai territory, according to the source.

"We told the Hmongs we would not permit them to use our land as their base, which is in accordance with the government's policy. They finally retreated from Thai soil," he said.

#### **Lao Envoy Hopes for End to Territorial Dispute**

*BK1102140595 Bangkok THE NATION in English  
11 Feb 95 p A2*

[Report on an interview with Bounkeut Sangsomsak, Lao ambassador to Thailand, with Kunlachada Chaphiphat—place and date not given]

[FBIS Transcribed Text] Great strides have been made in talks between Thailand and Laos over conflicting claims to Ban Romklao village after experts from both countries, have for the first time since 1991, conducted a



joint survey of disputed areas between Phisanulok province and the Laotian province of Sayaboury, Laotian envoy Bounkeut Sangsomsak said in an interview with THE NATION.

"Before this the two sides wouldn't even talk about differences between each other's findings," Bounkeut said.

The ambassador said the survey results will be used as a basis for further negotiations and will allow both sides to compare the actual situation on the ground with legal documents and maps already used to back up the claims.

Bounkeut said an agreement to conduct a joint survey, which was reached at a meeting in January of the Thai-Laotian technical sub-committee in Nong Khai province, will pave the way for a meeting of the ministerial-level Thai-Laotian Joint Border Committee.

He said the talks will take place right after the historic state visit to Thailand of Lao President Nouhak Phoumsavan, who is due to arrive here on Tuesday for a five-day visit.

Thailand and Laos fought a brief but bloody war in the late 1980's over control of Ban Romklao and adjacent areas. The war marked a growing chill in bilateral relations and boundary talks were only resumed in late 1988.

Bounkeut said he was optimistic that the visit by the Laotian head of state will lend impetus to on-going efforts to resolve remaining problems between the two countries and further strengthen bilateral ties.

Nouhak is only the second Lao leader after the late Kaysone Phomvihan, to visit this country since the communist Pathet Laos took over Laos in 1975. His Majesty the King made a state visit to Laos last April after witnessing the opening of the Thai-Lao Mittaphap (Friendship) Bridge.

The exchange of visits by heads of state marks the beginning of a return to the close relationship that existed between the two countries for centuries the Laotian ambassador said, adding that he hoped the two sides would capitalize on this momentum to clear away all further obstacles to the resumption of a completely harmonic relationship.

The ambassador said Laos was pleased with Thai efforts to dispel lingering doubts Vientiane harboured about Bangkok's policy of non-involvement with the anti-Vientiane guerrilla movement but was waiting to see the "end result".

Among other fence-mending exercises, Thailand announced in late 1993 that it would arrest exiled Hmong leader Gen Vang Pao and two aides if they were found on Thai soil. Earlier, Interior Ministry officials were sent to investigate a rehabilitation centre for drug addicts at Wat Tham Kra Bok in Saraburi province after

reports that the centre was being used as a supply base for anti-Vientiane Hmong fighters.

It was noticeable that this subject—the Laotian right-wing guerrilla movement—was not raised during recent meetings of the Thai-Laotian Joint Commission, which focused on ways to solve economic problems and increase cooperation on trade and investment issues.

Bounkeut said that apart from the Ban Romklao dispute, Vientiane sees the Laotian refugee question as the only outstanding issue to be resolved. Since many of the estimated 10,000 Laotians mostly ethnic Hmong people, still living in Thailand are unwilling to return home, Bounkeut said the best solution might be to ask a third country to increase its intake of Laotian refugees.

He noted that Thailand was no longer willing to shoulder the refugee problem while Laos insists it will not accept refugees repatriated against their will.

Both countries recently agreed with the UN High Commissioner for Refugees to extend by one year the voluntary repatriation programme for Laotian refugees and a tripartite meeting will be held sometime around the middle of the year to assess what progress has been made.

#### **Editorial Urges 'Unified' Stand on Spratlys**

*BK1302091695 Bangkok THE NATION in English  
13 Feb 95 p A6*

[Editorial: "Unified ASEAN Stand Needed Over China's Spratly Claims"]

[FBIS Transcribed Text] Long considered the region's most potent source of friction, the Spratly Islands were again at the centre of concern last week when Manila confronted Beijing over its construction of several buildings and the deployment of what appeared to be naval vessels on the contested Mischief Shoal.

Philippine President Fidel Ramos produced photographs showing Chinese flags flying over the structures and eight ships moored on the reef, which lies only 130 nautical miles west of the Philippine island of Palawan.

China confirmed Thursday that it had set up facilities, but said they were shelters for Chinese fishermen rather than a military base and reaffirmed its claim to the territory.

While the controversy never appeared likely to spiral into military conflict, it showed the urgent need for a diplomatic solution to be found to this long-fester regional security sore.

Despite being half submerged by the South China Sea and located hundreds of kilometers away from human settlement, the islands have the potential to undermine the peace and prosperity attained by Southeast Asia over the last two decades. Even if the dispute never erupts into open warfare, it still has the potential to trigger an



expensive arms race and economically-damaging regional Cold War that would hurt Southeast Asia, Japan and China.

Sitting atop potentially huge oil and gas deposits, the 160 islands and reefs that comprise the Spratlys are claimed by Taiwan, China, Brunei, Malaysia, Vietnam and the Philippines. Equally important, they also straddle strategic sea lanes through which more than 70 percent of Japan's oil imports pass, and major routes for warships patrolling the Indian and Pacific Oceans.

With the exception of China, all of the island group's claimants have backed a plan to jointly develop whatever resources lay under its surrounding waters. In contrast, Beijing seems intent on aggressively challenging the claims of its rivals no matter how close to their shores. Since 1992, when China claimed almost the entire 800,00 [as published] square kilometers of the South China Sea, it has with almost systematic regularity contested the stakes of its neighbours.

Vietnam, which fought a brief but bloody naval war with China in 1988 over the islands, has been the target of Beijing's most vociferous attacks over fishing and oil exploration rights.

Given Vietnam and China's history of hostility, the ongoing war of words is perhaps not surprising. But Beijing's efforts to reinforce its claims so close to the Philippines are alarming. Backing Beijing's moves, the Chinese press is maintaining that some 410,000 square kilometers within the "traditional Chinese maritime boundaries" have been delineated by the Philippines.

Although proposals for talks on joint cooperation have been floated and regular workshops held, a clear solution still seems a long way away. The main sticking point is China's insistence the issue be settled bilaterally and its rejection of efforts to "internationalize" it.

This trend is disturbing for several reasons. Firstly, China has shown a clear willingness to throw its weight around in one-on-one situations—something that is happening more regularly as potential successors to ailing leader Deng Xiaoping try to demonstrate their nationalistic credentials.

Secondly, Beijing has made little secret of its desire to acquire a blue water naval fleet that would enable the country to enforce its claims in the region through force. Analysts say the need to find a peaceful solution is imperative because within in the next 10 years, China will be strong enough to ignore any calls for joint development.

At last year's Asean Regional Forum [ARF], contentious topics like the South China Sea territorial disputes were avoided for the sake of "confidence building". But if the ARF is ever to be anything more than a talking shop the issue must taken [as published]. Only by taking a unified

stand can Asean and the region show Beijing that it is in China's own interest to resolve the Spratlys issue peacefully.

## Papers Continue Reportage on Karen Refugees

### 2,000 Moved From Border Village

BK1102114395 Bangkok BANGKOK POST in English  
11 Feb 95 p 6

[FBIS Transcribed Text] Tak—Officials yesterday moved 2,000 Karen refugees from a border village to an old refugee camp as a safety precaution.

The refugees were put into ten trucks and driven from Ban Huai Haeng to the camp at Ban Huai Manok in Tambon Mae Song, Tha Song Yan District.

The evacuation was conducted by the army, border patrol police and district officials.

About 3,000 refugees mostly women, children and old people—fled across the border to seek temporary refuge in Mae-woei and Ban Huai Haeng after troops of the Karen National Union abandoned their headquarters at Manerplaw about a week ago.

The other 1,500 refugees will be evacuated from Mae-woei to the refugee camp today.

An official said Mae-woei is on the Moei River bank and is just opposite a camp of the Karen rebels which has fallen to renegade Buddhist Karens.

He added that Ban Huai Haeng was occupied by many Thais, and the presence of the Karen refugees might cause problems with the local villagers.

A Border Patrol Police source said a clash was reported on Thursday night between Burmese troops and Karen defenders at Kawmura camp.

There was no word of any casualties.

Col Derek Yamngamriap, commander of Task Force 34, yesterday led a group of reporters to visit Ban Wang Kaeo which was hit by six phosphorus shells during the fighting between Burmese and Karen forces.

He said about 150 villagers had been evacuated from Ban Wang Kaeo for safety reasons.

### Army Chief Reaffirms Stance

BK1102114195 Bangkok BANGKOK POST in English  
11 Feb 95 p 6

[FBIS Transcribed Text] Gen Wimon Wongwanit yesterday reaffirmed the army's stance on the influx of Karen refugees in Tak Province, saying they would not be allowed to use Thai territory as a base from which to counter-attack Burmese forces.

The Army Commander said the government had provided humanitarian aid to Karen refugees fleeing the



fighting, adding that they would be repatriated after the situation returned to normal.

"We will not allow those who seek refuge in our country to use Thai territory to counter-attack," said the 59-year old commander.

Gen Wimon said that if stray shells from Burmese forces fell on Thai territory, local security units would fire warning shots to warn Burma to be more careful in its firing.

"Burma is aware of the problem and they will hold their artillery fire once warning shots are fired from our side," said Gen Wimon.

But he said he was also concerned that artillery shells falling on Thai territory were sometimes not fired by Burmese forces but by third parties wanting to create suspicion and mistrust between Thailand and Burma.

Gen Wimon said he doubted that Karen forces could be effective in their struggle against the Burmese government, as they had not been able to resolve their internal problem (Buddhist vs. Christian Karens).

He said that Thailand and Burma had different political structures, but that did not mean that "we have to be their enemy."

Meanwhile, the deputy chief of the National Security Council, Khachatphai Burutphat, said the country was directly affected by the fighting between Burma and Karen forces, saying that the influx of Karen refugees had created a heavy burden for local officials.

"He feels unhappy about what is happening, as the Karen minority is violently suppressed by Burmese forces, which threatens the peace of the Thai-Burmese border," he said.

Mr Khachatphai said: "We support peaceful measures in negotiating to end the conflict, which could help develop the country."

He said about 5,000 Karens had fled Burma to take refuge in Thailand, adding that about 50,000 Karens and Mons had already been living along the common Thai-Burma border from Kanchanaburi to Mae Hong Son provinces.

#### **Chuan Orders Assistance**

*BK1202123795 Bangkok THE SUNDAY POST  
in English 12 Feb 95 p 1*

[FBIS Transcribed Text] Prime Minister Chuan Likphai has ordered the Third Army Region, the governor of Tak and the Police Department to provide safety and assistance to Karen refugees, government spokesman Akharaphon Soransuchat said yesterday.

Mr Akharaphon said Mr Chuan is worried about the Karen refugees, particularly children and the old, and has ordered Thai officials to look after them.

"The Prime Minister is concerned because the refugees are fleeing for their lives, and it would not be right to mistreat them," Mr Akharaphon said.

Some 5,000 Karens have fled to Thailand since the recent Burmese government attack on the Karen National Union strongholds of Manerplaw and Kawmura opposite Tak province.

They are added to the 55,000 Karen and Mon refugees who have fled into Thailand since 1984 and are spread along the border from Kanchanaburi to Mae Hong Son.

The government spokesman said that at the moment the Thai government is only providing public health assistance and ensuring the safety of the refugees.

Private overseas organisations are providing food and shelter for them, and so there will be no large financial burden placed on the government.

Mr Akharaphon gave an assurance that the Thai government does not have a policy of pushing the Karen refugees back over the border as long as war is still raging on the other side.

"The government is now looking for a place to house the refugees in Thailand if the battle drags on.

We need a new place because the current sites is rice fields, a watershed area that is at risk of the spread of disease, especially malaria. This is of particular concern to the prime minister," the government spokesman said.

If the fighting between Rangoon troops and the KNU drags on, the Foreign Ministry, the National Security Council and the Interior Ministry will have to coordinate to find a safe area to house the refugees, he said.

The Burmese government has not requested the Thai government to move its troops through Thai territory to attack the Kawmura camp from behind, he said.

"If they made the request the Thai government will definitely not approve it. We will also not allow Karen forces to use Thai territory as an escape route," Mr Akharaphon said.

#### **KNU Leader Kidnapped in Camp by 'Defectors'**

*BK1302051495 Bangkok THE NATION in English  
13 Feb 95 p A4*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Mae Sot—A key Karen guerrilla leader was kidnapped on Thursday night by a group of eight armed Karen Buddhist defectors who illegally crossed the Moei River into a refugee camp in Thailand's Tha Song Yang district of Tak.

Leaders of the Karen National Union (KNU) in separate interviews yesterday said they did not yet know the whereabouts of Padoh Mahn Yin Sein, but believe he



must have been taken to Myainggyingu Temple in Burma where the KNU Buddhist defectors have set up a headquarters.

Thai authorities in Bangkok and Mae Sot said yesterday they were unable to take any action to prevent the kidnapping as they were not promptly alerted of the incident which occurred late at night.

A senior officer of Task Force 34 in Mae Sot said that his office will soon send a verbal message to Burmese authorities in Myawaddy to protest territorial transgression and the kidnapping of Mahn Yin Sein, a KNU administrative governor of Pa-an District, from the refugee camp at Ban Bae Krao, about 60 km north of Mae Sot.

KNU leaders said they believe the defectors, who formed a rival group called the Democratic Kayin [Karen] Buddhist Organization (DKBO) in late December, would try to coerce Mahn Yin Sein, the top Buddhist in the KNU, to take the leadership of the new group.

They said the 55-year-old hostage "is a very nice and gentle man who commands wide respect from both KNU Buddhist members and local villagers" and that the DKBO "will probably force him to become their leader."

In December and January the defectors kidnapped three other senior KNU Buddhist leaders including Mahn Yin Sein's deputy Ya Yu who is the first vice governor of Pa-an, and Ban Yung, a financial officer of the KNU's 7th Brigade, and forced them to enter the monkhood. The three leaders had gone to Myainggyingu Temple in an attempt to resolve religious conflicts between KNU Buddhist and Christian members but were taken hostage and have not yet been released, according to a KNU officer.

The DKBO, currently led by U Thuzana, a Karen Buddhist monk who follows a strict discipline and a vegetarian diet, has tried to recruit KNU Buddhist members, forces and villagers, accusing the Christian-led KNU leadership of discrimination against the promotion of Buddhist members and the practice of Buddhist-religious activities.

The junta, known as the State Law and Order Restoration Council (Slorc), has been supporting the DKBO's military wing, the Democratic Kayin Buddhist Army (DKBA), and used them in the military offensive to capture the KNU headquarters of Manerplaw.

A Karen witness of Thursday's kidnapping told THE NATION yesterday that a total of four persons including Mahn Yin Sein were kidnapped from the Pa-an governor's house in Ban Bae Krao by a group of eight DKBA forces armed with AK-47 rifles, an M-79 rocket launcher and hand grenades. The kidnappers also captured two Karen villagers familiar with the locality to guide them to the governor's residence.

The other hostages captured at the residence are Sim Bo, the governor's nephew, Sia Jed, a KNU judge, and Maung Aye, second vice governor of Pa-an and son-in-law of Mahn Yin Sein.

Maung Aye was forced to drive the governor's Mazda pick-up, but managed to escape his captors with only minor injuries after driving the vehicle into a tree on the Mae Sot-Tha Song Yang highway. However, his father-in-law and the two other hostages were later taken across the Moei River into the Burmese army camp at Moe Pa Zu, opposite Tak's Mae Ramat district and about 15 km south of Ban Bae Krao.

A witness said the incident took place about 10 pm on Thursday when the governor's family was watching TV and Mahn Yin Sein himself was listening to the radio.

The kidnappers, according to the witness, told the governor that the DKBO leader and the monk U Thuzana "had told them to come and bring Mahn Yin Sein" back to Myainggyingu Temple.

"He (the governor) knew two of the DKBA kidnappers very well as they used to work for him," said the witness. The two kidnappers were identified as Mang Soe and Maung Tu.

The witness said he believes the Burmese junta and the DKBA will not harm the governor and will try to use him to campaign for support of the DKBO, especially in Pa-an district where the majority of the Karen population is Buddhist.

### **Burmese-Karen Fighting Spills Across Border**

*BK1302132595 Hong Kong AFP in English 0827 GMT 13 Feb 95*

[Report by Dylan Jones]

[FBIS Transcribed Text] Mae Sot, Thailand, Feb 13 (AFP)—Fighting between ethnic Karen rebels and Burmese government troops has tested Thailand's determination to stay out of the conflict.

A 10-kilometer (six-mile) stretch of Thai soil along the Moei River skirting the rear of the Karen National Union (KNU) camp of Kawmoora has borne the brunt of Rangoon's shelling of rebel supply lines over the last two weeks.

Burmese shells have repeatedly fallen wide of the mark by hundreds of meters (yards), overshooting Kawmoora's rear access and leaving Thai territory scarred.

Much of the sparsely populated district of Wangkaew, opposite Kawmoora, is now deserted. Roads are pockmarked from artillery explosions and trees have been shredded by shrapnel.

At a Buddhist temple, close to the Moei River that forms the natural border between Thailand and Burma, there is now a blast crater where flowers once framed its front steps. Huts have been abandoned.



The Thais fire warning shots when gunners from the other side overshoot their mark and have moved men into the low hills and underbrush to monitor any incursions.

"This is not our fight, but we will push back anyone who tries to come into Thailand," one Thai officer said.

Burmese troops have crossed here at least once, apparently to scout the rear of the Karen rebels' last major stronghold, which has proven impervious to frontal assaults.

Rebel fighters have said in interviews with AFP that they believe the Burmese will make another attempt to cross within four days, bringing artillery with them.

"They cannot get through our front line," said one fighter, a former school teacher, celebrating his 51st birthday Sunday with meager rations of rice and chicken in his bunker.

"The SLORC [State Law and Order Restoration Council] wants to come to both sides of our camp and fire from there. But that is Thailand," he said.

Burmese and KNU sources in this Thai border town said that the Rangoon junta, officially known as the State Law and Order Restoration Council (SLORC), has gathered 40 trucks loaded with munitions and artillery in Myawaddy, just 20 kilometers (12 miles) south of Kawmoora.

But Thai military officials expressed confidence that their Burmese counterparts would not risk retaliation by crossing the Moei in strength.

KNU sources here said they believed the consignment in Myawaddy might be intended merely to resupply the 7,000 Rangoon troops thought to be stationed near their camp.

A senior Thai army officer said Monday that the Thai side of the border was now protected by heavy artillery and constantly monitored by troops. "There would be no way for them to cross," he said.

Thai troops at the border have said they would not be drawn into the conflict. "We are like a referee," another Thai officer said.

The rebels of Kawmoora are less confident that all incursions can be halted.

"They will try (at Kawmoora) as well," the KNU fighter said. "If they do not, they will have to continue shelling from our front. We have stopped them before. We can do this again."

On Friday, several Karen defectors entered Thailand some 70 kilometers (45 miles) northwest of here, posing as refugees, and kidnapped a senior KNU official from among hundreds of people who had fled the fighting, KNU and Thai military sources said.

The junta has in recent years launched several offensives against the KNU—the strongest of the ethnic guerrilla groups along Burma's borders—each time withdrawing without a major victory.

A major assault in 1992 ended with the government declaring a unilateral ceasefire with the Karen rebels—a ceasefire which the junta broke in December with a new offensive against KNU positions.

KNU headquarters at Manerplaw fell in January.

### Further Reportage on Arrest of Former MP Thanong

#### Court Rejects Bail Request

BK1002144495 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 10 Feb 95

[FBIS Translated Text] Thanong Siriprichaphong, alias Po Pet, former MP from Nakhon Phanom who is wanted by the U.S. Government for trial on charges of drug trafficking, is now under official custody following the court's rejection of his bail request.

His lawyer, Chingchai Topradit, former Muanchon Party leader, said Thanong Siriprichaphong made a bail request with a bank account totalling 5 million baht. Thanong was charged by the public prosecutor of having colluded with five American suspects who were earlier sentenced by a U.S. court on charges of marijuana trafficking. He denied his guilt.

The Criminal Court ruled that Thanong's bail request provided insufficient reasons to warrant his release.

Thanong was later sent to Bangkok's Special Prison.

#### Bail Refusal Detailed

BK1102134695 Bangkok BANGKOK POST in English 11 Feb 95 pp 1,3

[FBIS Transcribed Text] The Criminal Court rejected a request for bail yesterday by former MP Thanong Siriprichaphong when he appeared in court to contest charges by the United States he has been involved in drug trafficking.

Mr Thanong's appearance brought an end to speculation he had fled to a neighbouring country to escape arrest.

Police around the country had been ordered to be on the lookout for Mr Thanong who is wanted by the courts to defend himself against the narcotics charge.

His account is vital in helping the court decide if he should be extradited to stand trial in the US.

The court issued a warrant for the arrest of Mr Thanong last month.

The first court hearing into the US request for his extradition has been scheduled for February 23.



The former MP for Nakhon Phanom is accused by the US of smuggling and assisting in the smuggling of large quantities of marijuana into that country.

Mr Thanong was taken to a detention cell at the court after being apprehended by police, after which he was called to the court to learn his bail request had been refused.

Justice Samakkhi Manirat said there were insufficient grounds to justify granting bail.

Mr Thanong is now being held at the Bangkok Special Prison.

The former leader of the dissolved Muan Chon Party Chingchai Topradit, earlier placed a bank statement for 5 million baht to support the bail request.

Mr Thanong insisted in his bail request that he was not connected with drug trafficking as claimed by the US and the lawsuit submitted by the public prosecutors.

He said the US should have taken legal action against him long ago because it claims the wrongdoings were committed between 1973 and 1987.

The US sought Mr Thanong's arrest after he was mentioned as an accomplice by suspects apprehended on drug trafficking charges.

But Mr Thanong told the court he believed he was a victim of political manoeuvring which drew him into the controversy.

He said he was prepared to comply with legal proceedings to prove his innocence and had not tried to escape, despite the opportunity.

The former MP said he had to care for his family and manage a six-billion-baht business which would be damaged if he was not granted bail or was sent to the US to face trial.

His business generates jobs for more than 2,000 people, he told the court.

Mr Thanong said he had never been accused of any wrongdoings during his time as an MP and promised to "keep clear" of any witnesses and documented evidence if the court approved him bail.

The former Chat Thai Party MP was indicted on November 15, 1991 in a north Californian court.

He dismissed the claim he made more than \$10 million from the illicit drug trade and that he was acquainted with any big-time drug dealers.

Thai law rules out the use of the accounts given by the drug suspects in the US in local courts.

Mr Thanong said the lawsuit filed by the public prosecutors contravened the Extradition Act because it lacked factual details relating to the case.

He also said the Act clearly prohibited Thai courts from extraditing a Thai national to stand trial in another country and Thailand risked losing its "dignity" as a sovereign state if he is sent to the US.

The suit also failed to state exactly where the alleged wrongdoing took place, he argued.

Mr Thanong flatly denied being "Thai Tony", a name the US alleges he was known by within a circle of drug dealers.

Mr Thanong's lawyer, Prachum Thongmi, said he did not know how he would fight the case and the court must decide if the hearing would be held in camera.

The lawyer said he was confident the courts would not be able to take legal action against Mr Thanong because he had gathered evidence in the US proving his client's innocence.

He said he would set up a working group to collect more evidence to prove Mr Thanong did not have close personal ties with, or receive any payment from, major drug dealers.

Mr Prachum said Mr Thanong's wealth was gained through legal means.

The lawyer said he would reapply for bail for his client in 15 days.

#### **Attorney General on Extradition Process**

*BK1302143295 Bangkok Radio Thailand Network  
in Thai 0530 GMT 13 Feb 95*

[FBIS Translated Text] The attorney general has forwarded the case of Thanong Siriprichaphong to the court, which will then act in accordance with judicial procedures.

Attorney General Khanit na Nakhon said the following to reporters after meeting with the prime minister at Government House this morning:

[Begin recording] [Khanit] The court will begin the trial process on 23 February, I think that is the date, as scheduled earlier.

[Reporter] Do you think the court will find him guilty?

[Khanit] It has nothing to do with being guilty or not guilty. The court will deliberate only on his extradition. The trial on whether or not he is guilty is the process which will follow. If he is extradited, it will be up the U.S. court to conduct a trial.

[Reporter] Regarding the treaty we have with the United States, are we obligated to extradite him?

[Khanit] In the treaty, the contracting countries have the authority to decide. The government has forwarded the case to us, showing that the government wants him extradited. Therefore, the case has to be tried in court to



see if all the conditions are met. If all the conditions are met, the court will make a ruling which I will have to obey.

[Reporter] Extradition depends on the court's decision, correct?

[Khanit] That is correct.

[Reporter] Does the defendant have a right ...[interrupted by Khanit]

[Khanit] The defendant has the right to fully defend himself. He can appoint lawyers, as in other cases.

[Reporter] What is the norm? Is he going to be extradited?

[Khanit] I cannot say anything at this time. It is up to the court.

[Reporter] [Words indistinct]

[Khanit] We have forwarded the case. The next step is to question the witnesses in the court.

[Reporter] He holds Thai nationality. Are we not going to protect our people? Extradition involves only people of other nationalities [words indistinct]

[Khanit] Ordinarily we extradite people of other nationalities. As far as I know, this will be the first case involving a Thai national. It depends on the court's ruling. [end recording]

#### **Navy To Persuade Cabinet on Submarine Purchase**

*BK1302084095 Bangkok BANGKOK POST in English  
13 Feb 95 pp 1, 3*

[FBIS Transcribed Text] In an attempt to win the backing of Cabinet members regarding its plan to buy two medium-size submarines, the Royal Thai Navy is working on a set of papers to be distributed to ministers explaining why it gave the submarine acquisition top priority, security sources disclosed over the weekend.

The papers would be a back grounder on the navy's long-term strategy and seek to elaborate why the submarine procurement was important to national security, the sources said.

The Cabinet is expected to make the final decision by the end of the month.

The navy understood that the submarine purchase was a complicated issue and decided that the papers, along with all related information, should be handed out to Cabinet members to make them fully conversant with the logistics of the acquisition, the sources said.

"The papers would have all the details about the project from the beginning, how it started, the navy's strategic

point of view, and why it needs the vessels—to guard the country's territorial waters and the abundant undersea resources," said one source.

When the proposal was first made some Cabinet members were concerned that if approval was given the navy may feel tempted to seek more budget next year to support related projects that might follow.

"It would be a package deal and no more money would be asked from the government. The cost of 17 billion baht would cover all other expenses including personnel training and expenditure for weapons to be deployed on the vessels," commented the source.

The navy had asked for a seven-year expenditure plan and it's estimated that about 2,500 to 3,000 million baht would be spent annually on the procurement, he said.

The papers would also cite the danger to the sea lanes in the Gulf of Thailand and in the South China Sea in the next decade as there are signs that competition for undersea resources among countries in the region would intensify and possibly disrupt transportation, sources said.

The papers would also focus on the row over the mineral and oil rich chain of islands in the South China Sea—the Spratly Islands—claimed by China, the Philippines, Vietnam, Malaysia, Brunei and Taiwan.

"We are worried that the situation there could turn explosive anytime in the next decade and the navy has to be ready to face it. If that happens it would no doubt disrupt transportation," said one senior navy officer.

#### **Vietnam**

##### **Spokesman Protests PRC Projects in Spratlys**

*BK1002152095 Hanoi Voice of Vietnam Network  
in Vietnamese 1430 GMT 10 Feb 95*

[FBIS Translated Text] Answering questions by a foreign correspondent regarding the news that China is carrying out solid construction projects using steel on some coral islands in the Spratly Archipelago, the spokesman of our Foreign Affairs Ministry declared today:

While affirming its sovereignty over the Paracel and Spratly Archipelagoes, Vietnam pursues the policy to resolve all disputes on sovereignty over these archipelagoes by means of peaceful negotiation and to continue talks that will bring fundamental and long-term solutions all parties concerned need to preserve stability by maintaining the status quo, refraining from actions that complicate the situation, and forgoing the use of violence or threats of violence. The act of the Chinese side, confirmed by the Chinese Foreign Affairs Ministry's spokesman, is a new grave matter.

Vietnam protests all acts of expanding occupancy of these islands that further complicates the situation in the



Spratly Archipelago and counters the trend of peace, stability, and cooperative development in the region.

#### **Foreign Minister Concludes Visit to Australia**

*BK1102095695 Hanoi VNA in English 1517 GMT  
10 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 10—Foreign Minister Nguyen Manh Cam yesterday concluded a four-day official visit in Australia.

While there, Foreign Minister Cam was received by Governor General B. Haydon and Prime Minister Paul Keating. The Vietnamese chief diplomat held talks with his Australian counterpart Gareth Evans, and had working sessions with ministers of trade, commerce and industry, cooperation and development, immigration, trade, and other senior officials.

Foreign Minister Cam also exchanged views with the Australian Parliament's commissions for external relations, national defence and trade, and entrepreneurs and the press circles.

During the talks and meetings, the two sides expressed their satisfaction at their fast and fine development step in the two countries' relations. In general, the aid and cooperation programmes, they remarked, are positively and effectively implemented. They discussed extensively the orientations and measures aiming at further tightening the friendship and expanding the multi-faceted cooperation between the two countries.

The Australian side expressed their wish and determination to increase cooperation with Vietnam in the fields of oil and gas, post and telecommunications, energy, infrastructural construction ship building and repairing, minerals exploitation, processing industry with a view to creating the sources of products for export. They also affirmed further assistance to Vietnam in public health, water resources, and especially personnel training in many fields.

#### **French Envoy Says EU Cooperation Pact at Hand**

*BK1102095795 Hanoi VNA in English 0635 GMT  
11 Feb 95*

[FBIS Transcribed Text] Hanoi VNA February 11—French Ambassador Jean Francois Nougarede yesterday said a long delayed framework economic cooperation agreement between the European Union [EU] and Vietnam would be signed 'fairly quickly'.

Speaking at a press conference he co-chaired with German Ambassador Klaus Christian Kraemer, Mr Nougarede, whose country is currently chairman of the EU, said 'the biggest obstacles have been lifted and we can hope that a text will be signed fairly quickly'.

During the French presidency, which expires on July 1, 'we'll do our best to ensure that relations between

Vietnam and the EU strengthen further and cooperation between them become more fruitful', said Mr Nougarede.

He elaborated that the EU would increase its investment in and technological transfer to Vietnam and continue with its 17-million ECU [European Currency Unit] project on forest preservation in Nghe An Province, Central Vietnam, and the 40-million ECU project on administrative and managerial personnel training.

#### **Do Muoi Addresses National Conference**

*BK1202140995 Hanoi Voice of Vietnam in English  
1000 GMT 12 Feb 95*

[FBIS Transcribed Text] Party leader Do Muoi attended and addressed the national conference of scientific and technological workers held in Hanoi from 9-11 February. This is to implement resolution of the seventh plenum of the party Central Committee on industrialization and modernization of the country.

The conference discussed a number of measures on renewal of organization and management of science and technology.

Mr. Do Muoi laid stress on the importance of science and technology in national development.

#### **Draft Civil Code Issued for Public Debate**

*BK1202144695 Hanoi VNA in English 1335 GMT  
12 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 12—Vietnam's civil code has been drafted and put forward for public debate before being submitted to the National Assembly for consideration in 1995.

The promulgation of the civil code after 15 years' preparation is an important step of political renovation, creating a legal basis to liberate all production forces, encouraging all economic sectors, people of all strata who live and work for the development of the country with the target of wealthy people, prosperous country and fair and civilized society ensuring healthy and stable community life, and making full use of the people's tradition of solidarity, mutual affection and fine customs. After the Constitution, the civil code is a legal document of great importance in the law system of Vietnam.

The civil code is a major legal document comprising six parts, 32 chapters and 701 articles. (Part I: General Regulations. Part II: Property Rights. Part III: Civil Obligations and Civil Contracts. Part IV: Inheritance. Part V: Copyrights, Industrial Property and Technological Transfer Right. Part VI: Civil Relations With Foreign Parties).

One of the significant aspects of the civil code is to build legal standards in civil exchange with a view to increasing the management of social activities governed



by law following socialist orientation, manifesting the fine tradition of the nation. On the other hand, the law contributes to reducing disputes, negative phenomena in civil relations, improving social relations, ensuring democracy, fairness, and maintaining political stability.

At the Dec. 1994 session, the Standing Committee of the National Assembly decided to make public the draft code for people's comments.

#### **Circular Issued on Capital Construction Projects**

*BK1102150495 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 11 Feb 95*

[FBIS Translated Text] The government recently issued a circular determining the direction and concrete measures to strengthen the practice of thrift and the fight against waste, corruption, and smuggling this year. The directive stipulates that ministries, sectors, and people's committees of provinces and cities directly under the central government's management will be held responsible for tightly managing capital construction projects to prevent the situation of disorderly construction and nonpractical projects.

Leaders of ministries, sectors, or localities that condone disorderly construction and impractical projects, which create waste in their area of responsibility, will face disciplinary measures by the government.

#### **Electricity Company Official Discusses Output**

*BK0902142395 Ho Chi Minh City THOI BAO KINH  
TE SAIGON in Vietnamese 5-11 Jan 95 p 10*

[Interview with Mr. Bui Thuc Khiết, deputy director-general of the Vietnam Electricity Company, by Kien Anh; place and date not given]

[FBIS Translated Text] [Kien Anh] Could you provide some information about the survey and construction process of the Hoa Binh hydroelectric power project and its investment cost, planned output, and current output?

[Bui Thuc Khiết] The first work unit of the Song Da Hydroelectric Power Project Engineering Corporation arrived at the project site on 2 May 1975 to start the construction of the Hoa Binh hydroelectric power project.

Thirteen years later, in late 1988, the first generator group was given a successful test-run, and its electricity output began to be integrated into the northern national power grid, supplying it with the first kilowatt/hours.

During the five years that followed, from 1988-94, the project gradually put its remaining generator groups into operation. In 1994, the project received final touches on environment protection and construction.

When the construction was at its climax, there were 800 Soviet experts and 40,000 Vietnamese workers of the

Song Da Hydroelectric Power Project Engineering Corporation, the 10th Union of Machine Assembly Enterprises, the 565th Division, and many other units working continuously day and night at the project site. All the construction equipment—building iron and steel and technical tools—were provided by the Soviet Union.

The project is currently valued at 12,478,530 million dong (equivalent to \$1.1 billion) (this figure has not yet been officially confirmed). The power plant has eight 240 megawatt/hour generators with a total planned output of 1,920 megawatt/hours. It requires an average annual water supply of 57 billion cubic meters to produce 8.4 billion kilowatt/hours per year.

In 1994, the plant's electricity output reached 5.7 billion kilowatt/hours and its 1995 output is estimated at 6.3 billion kilowatt/hours. The reason the plant cannot turn out higher output during the flash flood season is that the transmission line would overload if all eight generators of the plant run at their maximum speed.

The plant has thus far succeeded in generating 21.4 billion kilowatt/hours.

[Kien Anh] What is the importance of the Hoa Binh hydroelectric power source for the Vietnamese energy sector?

[Bui Thuc Khiết] The Hoa Binh hydroelectric power plant, located right at the beginning of the 500-kilovolt power line, occupies an important position in the Vietnamese electricity network because of the following:

- The plant accounts for 50 percent of the total electricity output of the entire power network, and this percentage will continue to be maintained until a new electricity source is introduced.
- As for output, the Hoa Binh hydroelectric power plant has a designed output of 1,920 megawatts, which, accounting for 85 percent of the output of the entire network, is capable of ensuring adequate electric supply for the network during the peak times.
- The Hoa Binh hydroelectric power plant has the duty to maintain grade-1 flow rate for the electricity network, that is, to ensure that the frequency [as published] of the network is maintained at 50 hertz.
- The Hoa Binh hydroelectric power plant has the lowest electricity production cost compared with other sources of electricity presently available. If the Hoa Binh hydroelectric power plant can maintain its annual production output, it will help the Vietnam electricity sector operate without a loss. If it exceeds its production target, the plant will help the latter operate earn some profits. These are the basis for the development of the electricity sector.
- The Hoa Binh hydroelectric power plant is characterized by its quick-start and fast-stop features: It can rapidly increase and reduce its output. It serves as a



source of reserve for the entire power network and as a guarantee for uninterrupted electricity supply for consumers.

[Kien Anh] To what extent will the Hoa Binh hydroelectric power plant be able to meet the electricity needs of the south in particular?

[Bui Thuc Khiet] Presently, the power grids of the three regions have been merged into one through the 500-kilovolt high-voltage power line, which in turn serves as a link between the three regions and which will help channel electricity from areas where electricity is redundant to areas that need it. Presently, according to a plan to regulate the sources of electricity supply and transmission lines, the north has a source of electricity reserve much larger than those in the southern and central regions.

Since the switching-on of the 500-kilovolt power line (on 25 December 1994), electricity has been sent through the power line to various areas as follows:

—Southern region: 716 million kilowatt/hours

—Central region: 113 million kilowatt/hours

Take 24 December as a typical example for current electric supply situation:

—The Hoa Binh hydroelectric power plant generated 18,900,000 kilowatt/hours.

—The Hoa Binh power station supplied a total of 10,400,000 kilowatt/hours to the southern and central regions.

The amount of electricity received:

—at Danang was 1,076,000 kilowatt/hours

—at Pleiku was 195,000 kilowatt/hours

—at Phu Lam was 8,500,000 kilowatt/hours

Electricity lost when in transit was 629,000 kilowatt/hours or 6.06 percent.

Last year saw the south's additional transmission capability increase by 2 percent over the north. This testifies to the fact that the complete construction of the Hoa Binh hydroelectric power plant and the 500-kilovolt power line and putting them into operation in 1994 are very timely, guaranteeing the regulation and supply of electricity for all the three regions. However, due to rapidly-growing demands—demands for commercial electricity in 1994 were up by 16.18 percent over 1993, and they are expected to be higher (from 18-22 percent)—it is necessary to rapidly build and spread out electricity sources evenly throughout the country